Company Registration No. SC031286 (Scotland)

SPRINGFIELD PROPERTIES PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2024

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COMPANY INFORMATION

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SECRETARY:	Mr Andrew Todd
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COMPANY REGISTRATION NUMBER:	SC031286 (Scotland)
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STRATEGIC REPORT

The Directors present their strategic report for Springfield Properties Plc (the "Company") and its Group of companies ("Springfield", "The Springfield Group" or the "Group") for the year ended 31 May 2024.

FINANCIAL HIGHLIGHTS
FOR THE YEAR ENDED 31 MAY 2024

Group Revenue	Group Completions	Group Adjusted PBT*	Private Homes Revenue	Affordable Homes Revenue	Contracting Homes Revenue
2024: £266.5m	**2024: 878 homes**	**2024: £10.6m**	**2024: £184.7m**	**2024: £47.0m**	**2024: £5.0m**
2023: £332.1m	**2023: 1,301**	**2023: £16.0m**	**2023: £253.4m**	**2023: £53.9m**	**2023: £19.7m**

Group	2023/24 £m	2022/23 £m	Change %
Revenue	266.5	332.1	-19.8%
Gross profit	43.4	48.0	-9.6%
Gross margin	16.3%	14.4%	+190bps
Statutory profit before tax	9.7	15.3	-36.7%
Adjusted profit before tax*	10.6	16.0	-33.8%
Earnings per share	6.36p	10.19p	-37.6%
Net debt**	45.4	67.7	-32.9%

*Adjusted profit before tax excludes exceptional items detailed at Note 10.

**Net debt is defined as bank borrowings plus long-term obligations under lease liabilities plus short term obligations under lease liabilities less cash and cash equivalents.

Strategic and Operational Highlights

- Significant reduction in bank debt to £39.9m (bank borrowings of £54.8m less cash of £14.9m) ahead of original target of £55m
- Profitable land sales secured without impact on near-term development pipeline
- Recommenced engaging with affordable housing providers and signing contracts in the year
- Total owned land bank of 5,593 plots (2023: 6,712 plots), 88% (2023: 83%) with planning permission, and strategic options over a further 3,147 acres (2023: 3,255 acres) representing 31,471 plots (2023: 33,000 plots)
    - One of the largest land banks in Scotland, in areas of high demand and with a low cost per plot, underpins the Board's long-term confidence
    - Large, owned land bank provides asset for cash and profit generation

STRATEGIC REPORT

EXECUTIVE CHAIRMAN’S STATEMENT
FOR THE YEAR ENDED 31 MAY 2024

Delivering Results

I am delighted to report that we achieved our goals for the year. We were clear that our priority for the 2024 financial year was to reduce our bank debt, and I am very pleased to share that our position as at year end significantly exceeded the target set. We completed 878 homes and the quality of the homes we deliver remains exceptionally high, resulting in 96% customer satisfaction.

We managed to secure profitable land sales from our large land bank. The deal secured with Barratt Developments Plc for our Durieshill site was a significant highlight to the financial year. With planning in place for 3,000 private and affordable homes alongside new schools, local shops and other business opportunities, community woodlands and greenspace, Durieshill involves the creation of a new standalone sustainable village near Stirling, within commuting distance of Edinburgh and Glasgow. We received £10m during the year for the sale to Barratt Developments Plc of 34 acres of land at the site, realising value from our substantial land holding. Going forward, the provision of site infrastructure by Barratt Developments Plc will significantly accelerate the development of the site, whilst eliminating our requirement to tie up capital.

With the delivery of affordable homes for those in need a key part of our business ethos, we were delighted to recommence actively engaging with affordable housing providers and signing contracts in the year. We have over two decades’ experience of affordable housing delivery working with partners across the country, and we are extremely proud of the impact we have had in transforming communities and providing homes to families most in need. With a reduction in inflation and an increase in the Scottish Government affordable housing investment benchmarks in the year, we have been pleased to sign contracts totalling over £50m since 31 May 2023.

As a result of these factors, we are pleased to deliver annual revenue of £266.5m.

Markets

The requirement for new housing in Scotland is at an all-time high and drops in housing supply across the industry further compound housing needs. The Scottish Government declared a national housing emergency in May 2024. This has created impetus for the Government to address barriers to new housing delivery, including a review of PRS rent regulation. The scale of unmet demand continues to underpin the fundamentals of the business, allowing a return to growth as confidence in the private housing market increases.

In private housing, while the subdued market has resulted in lower completions, aspirations for the type of homes that we offer remain high. Across each of our brands we build quality, spacious, energy efficient homes in highly desirable areas with generous private gardens and plenty of surrounding greenspace. Mortgage lenders remain supportive of the housebuilding industry and are keen to lend to buyers of energy efficient new build homes. The Bank of England reduced its base rate in August and, with further stability, we expect to see an increase in homebuyers’ confidence. Affordability is good in Scotland compared with the UK as a whole meaning home ownership is within reach of many households. The Scottish missive system continues to give us confidence in our sales, with our customers contracted into the purchase earlier in the build programme than in other parts of the UK.

While our completions are down and there continue to be some challenges, looking ahead some significant, strategic opportunities are emerging for Springfield. This includes the Inverness and Cromarty Firth Green Freeport where a pipeline of renewable energy projects is placing the Highlands and Moray at the heart of the drive towards net-zero, creating 10,000 jobs locally. It also includes substantial investment from Scottish and Southern Energy Networks (SSEN) for the creation of a new powerline to carry renewable energy from Peterhead to Beauly. This project alone will require up to 6,000 workers over the initial five-year build period and we are exploring with key stakeholders how this demand can be met while satisfying SSEN’s desire to leave a lasting legacy for the local communities. With land holdings across the North of Scotland, we are uniquely well-placed to assist and help realise the potential for economic stimulus to these regions.

STRATEGIC REPORT

EXECUTIVE CHAIRMAN'S STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 MAY 2024

With housing receiving political focus across the UK, we have been pleased to see an urgency in response from public and private sectors and an appetite for collaboration, to provide more homes across tenures and meet the Scottish Government's long-standing commitment to deliver 110,000 affordable homes by 2032. As a member of the Scottish Government's Housing Investment Task Force established in April 2024, we are working closely with the Housing Minister and key stakeholders from housing and finance to identify ways of attracting additional investment into housing, including the unlocking of PRS investment in Scotland. We are glad to see realisation from the Scottish Government that there needs to be significant outside investment in housing. While the newly published Scottish Government Programme for Government reinforced their commitment to introduce a rent cap, it also makes clear that there will be amendments to the Housing Bill aimed at unlocking investment in build to rent.

Environment

We have been using off-site construction for over 35 years and air-source technology for over 20 years, which puts us ahead of the curve in the delivery of energy efficient homes and in our approach to operations. We are motivated by sustainable advancements that benefit our customers and, as such, have had a head start across the industry in areas including off-site construction, air-source technology and electric car charging. We are immensely proud of the sustainable communities that we are creating across Scotland, and this will always be a core focus for us.

People

We have over 600 employees working across our offices, sales centres, kit factories and out on our sites. We are an inclusive employer and are proud to create an environment where everyone can thrive. Our investment in training and development exceeds industry norms. This has resulted in 28 (2023: 48) promotions during 2024. Creating opportunities for young people is important to us, including investment in craft apprenticeships to support future construction skills, with 73 apprentices training with us during the year.

We offer a great package of benefits and the extension of private healthcare cover to all employees across the Group has made a significant difference to the lives of those who have needed it. The mental health and wellbeing of our employees remains a priority, with the training of 33 mental health first aiders and increased use of our intranet to signpost support and engage regularly with employees across the business. Each year we strive to improve and set objectives within our ESG strategy that will further benefit our people and our ESG strategy update, published alongside these results, includes information on the progress we have made.

Against the backdrop of a subdued housing market, it is important to acknowledge that resourcing decisions have had to be made to reflect the decrease in our housebuilding activity. While this has been tough for the people involved, the rationalisation has resulted in a leaner organisation, with a structure working across our brands that is well-placed to respond to the future needs of the Group. I would like to thank all of our employees, past and present, for their hard work and commitment this year.

Dividend

With our success in significantly reducing our debt position during the year, combined with our confidence in the future and excitement about the significant opportunities emerging, we are very pleased to now be resuming dividend payments – which is earlier than originally anticipated. For the year to 31 May 2024, we propose a dividend of 1p per ordinary share.

Looking to the future

Our actions to reduce our bank debt and overheads have put us in a position of strength going forward. The profitable land sales achieved during the year demonstrate the value that can be realised from our land bank.

Housing demand in Scotland had been dampened by higher interest rates and this has led to lower completions. However, the fundamentals of the housing market in Scotland remain very strong. The undersupply of housing across all tenures has intensified and Scotland now faces a housing emergency that must be addressed. Our return to the affordable housing market across the country will play a key part in this.

STRATEGIC REPORT

**EXECUTIVE CHAIRMAN'S STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2024**

Fantastic opportunities for our business are beginning to, once again, present themselves, particularly in the North where we have a large land bank and are in a unique position to deliver against the unprecedented demand. In addition, we have seen buyer confidence increase and the reservations received over the summer give us reasons to be optimistic.

With all this in mind, I am confident in our ability to generate shareholder value in the years to come.

The final words are to show appreciation and give thanks to everyone who continues to play a role in Springfield's journey - our customers, our Board members, our management team, our employees, our subcontractors, our suppliers and our shareholders.

Sandy Adam
Executive Chairman
16 September 2024

STRATEGIC REPORT

CHIEF EXECUTIVE'S STATEMENT
FOR THE YEAR ENDED 31 MAY 2024

I am very pleased to present this annual report, demonstrating our achievement of the objectives we set. This time last year, in response to the challenging market conditions, we adopted a strategy focusing on maximising cash generation in order to reduce our debt. We acted decisively to reduce costs and manage working capital across the business, and we actively pursued profitable land sales to accelerate cash realisation from our large land bank. We delivered on our objective – with our actions enabling a significant reduction in net bank debt to £39.9m as at 31 May 2024 (2023: £61.8m), well ahead of the £55m target that we set in September 2023. We are now in a strong position to deliver future growth as more favourable economic and trading conditions return. In addition, we are pleased to be able to return to making dividend payments earlier than initially anticipated, declaring a dividend of 1p per share for the year.

During 2024, total revenue was £266.5m (2023: £332.1m), and we completed 878 homes (2023: 1,301). This reflects the challenging market conditions experienced across the industry, resulting in us entering the year with a lower forward orderbook than the previous year; subdued homebuyer confidence; and reduced affordable housing activity reflecting our decision in FY 2023 to pause entering new affordable-only contracts until the economics became more attractive. Gross margin was 16.3% (2023: 14.4%), which primarily reflects an improvement in affordable margins and the profitable land sales. Profit before tax and exceptional items was £10.6m (2023: £16.0m).

Despite the challenging macro factors, there are indicators for optimism. Many of the key elements that underpin homebuyer confidence are set to strengthen, including a new UK Government, decreasing inflation and the first Bank of England interest rate reduction in over four years.

Alongside this, the fundamentals of our business and of the housing market in Scotland remain strong. The undersupply of housing, which is across all tenures, is intensifying. We offer high quality, energy efficient homes in popular locations across the country under multiple well established, reputable brands. We have an excellent track record of delivering developments exclusively dedicated to affordable housing and an established network of Housing Association and Local Authority partners throughout Scotland. We have one of the largest owned land banks in Scotland, with a high proportion of sites having planning already in place. This includes significant holdings in the North of the country where we are set to benefit from the expected sharp increase in housing demand to support the delivery of the Inverness and Cromarty Firth Green Freeport and substantial upgrades to the power network. With a strengthened balance sheet, we will be able to accelerate site development as market conditions continue to improve and we are well-placed to satisfy the pent-up demand for high-quality, energy efficient housing in desirable locations across the country.

Land Bank

As noted, a key element of our strategy to reduce net bank debt was the active pursuit of profitable land sales. During the year, we completed land sales of £28.1m, generating profit of £6.2m. These sites were not part of our near-term development pipeline and therefore increase monetisation of our land bank. We also significantly reduced land buying activity. Our high-quality land bank has mostly been secured off market without planning, resulting in a very low average cost per plot that enables us to maximise the long-term value of our sites.

We continue to have one of the largest land banks in Scotland, in key locations across the country. This includes across the North of Scotland where we are set to benefit from the expected sharp increase in housing demand to support the delivery of UK Government-financed renewable infrastructure projects. The Inverness and Cromarty Firth Green Freeport is expected to have a transformational impact on the North of Scotland over the coming years with the creation of more than 10,000 new jobs in the area and receive over £3bn of fresh investment. We are already seeing investment being made into ports across the region and, for initiatives to reach their full potential, new housing will be an essential part of the supporting infrastructure. In addition, from 2026, Scottish & Southern Energy Networks (SSEN) is significantly upgrading the Scottish national power network with the creation of a new powerline. It is estimated that up to 6,000 workers will be required over the initial five-year build programme and SSEN has made a commitment to contribute to the development of thousands of homes across the North of Scotland, to deliver a lasting legacy for future generations. Springfield has worked across the North of Scotland for decades and we are passionate about growth and development for the region. With our significant land holdings in the area, we are uniquely placed to help deliver this opportunity and build the new homes required.

STRATEGIC REPORT

CHIEF EXECUTIVE'S STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2024

At 31 May 2024, we had 5,593 owned plots (31 May 2023: 6,712), of which 88% had planning permission (2023: 83%), equating to six years of activity. In addition, our strategic land bank consisted of 3,147 acres (2023: 3,255 acres), equating to 31,471 plots, providing over 30 years of activity. Within the strategic land bank, we had options over 24,605 plots and 6,866 plots were contracted, of which 57% already have planning.

The gross development value of the owned land bank at 31 May 2024 was £1.5bn (2023: £1.8bn).

At year end, we were active on 42 developments (2023: 50) and during the year 25 developments were completed and 17 new developments became active.

Private Housing

The number of private home completions was 584 for the year (2023: 866), reflecting the impact of market conditions. In line with industry trends, reduced homebuyer confidence resulted in us entering the financial year with a lower forward order book than at the same point of the prior year, with demand remaining subdued through the first half. We experienced some recovery in private housing demand from January 2024, and continued to experience a steady level of reservations through to year end. While it remains early days, we have also experienced an improvement in private housing since year end. In particular, there was a significant increase in reservation rates during the traditionally quieter school summer holiday period compared with the same period last year.

In response to the challenging market backdrop, and as previously stated, in September 2023 we decided to significantly curtail our speculative development activities and only build homes when a reservation was secured. This was largely maintained through the end of the financial year when we began to undertake soft launches to test the market ahead of building.

The average selling price ("ASP") for private housing during the year increased to £316k (2023: £293k), reflecting changes in the housing mix and with selling prices being upheld across the Group's brands.

As at 31 May 2024, we were active on 29 private housing developments (2023: 32), with seven active developments added during the year and 10 developments completed. In total, as at 31 May 2024, the owned private housing land bank consisted of 3,837 plots (2023: 5,075 plots), of which 87% had planning permission (2023: 86%).

Village Developments

Springfield Villages are large, standalone developments that include up to 3,000 homes across tenures, infrastructure and neighbourhood amenities, and with ample greenspace. At Bertha Park and Elgin South, new phases of homes were released for sale during the year. There was also a continued expansion of amenities and strengthening of community engagement at the Village developments, enabling the local communities to become more established.

A key milestone was the signing of a strategic collaboration agreement with Barratt Developments Plc for the development of our Durieshill site, to create a new village, spanning almost 600 acres, near Stirling. The development has the planning in place – with the section 75 agreement being received earlier in the year – for 3,000 private and affordable homes alongside new schools, local shops and other business opportunities, community woodlands and greenspace. We completed a land sale to Barratt Developments Plc during the year for an initial 34 acres of land at the site for £10m, realising value from our substantial and high-quality land holding. Separately, over the coming years, Barratt Developments Plc will receive land at the site in exchange for providing and funding the major infrastructure development for the entire Durieshill site. This agreement will accelerate the development of the site while eliminating the need to tie up capital over a multi-year period. We are looking forward to working alongside Barratt Developments Plc, a five star housebuilder with an excellent reputation, in delivering Durieshill.

Affordable Housing

During the year, we recommenced actively engaging with affordable housing providers. This followed the Scottish Government increasing the affordable housing investment benchmarks and a reduction in levels of cost price inflation of both labour and materials, which enabled housing associations to increase the price of affordable housing contracts. Affordable housing offers high revenue visibility with low capital exposure and strong cash flow dynamics. We were encouraged by the demand we received during the year, signing affordable housing contracts totalling over £50m for delivery during FY 2024 and beyond. We are focusing on securing shorter-term contracts, typically for 12-18 months, which provides a greater degree of cost certainty than with large, multi-year contracts.

We completed 270 affordable homes during the year (2023: 328). This reduction reflects our decision in the previous year to pause entering new affordable-only contracts until the economics became more attractive in the inflationary environment. Average selling price was £174k (2023: £164k) with new contracts reflecting the uplift in the Scottish Government grant available per home. The number of active affordable housing developments was 10 at 31 May 2024 (2023: 15), with 10 active developments added during the year and 15 developments completed. This included completing two large, legacy contracts that had been impacting margin due to the high cost price inflation that had occurred since the contracts were signed. As at 31 May 2024, the total owned affordable housing land bank consisted of 1,756 plots (2023: 1,637), of which 89% had planning permission (2023: 79%).

Contract Housing

In contract housing, we provide development services to third party private organisations and receive revenue based on costs incurred plus fixed mark up. To date, this has largely consisted of services provided to Bertha Park Limited.

At 31 May 2024, the contract housing land bank with planning consent consisted of 579 plots (2023: 603). The 24 homes completed during the year (2023: 107) comprised 10 private homes, 13 affordable homes and one private rented sector (“PRS”) home at Bertha Park. The reduction reflects no new phases of private housing being released until the end of the year and the contribution to 2023 of delivery under our PRS contract. As previously noted, our strategy to expand PRS activity was put on hold following the introduction of rent control by the Scottish Government in FY 2023. While the national rent cap has since been lifted, the publication of a Housing Bill proposing the potential for local rent setting has meant that PRS investors are not committing to projects in Scotland.

Customer Satisfaction

With a determination to increase customer satisfaction year on year towards an aspirational target of 100%, we were delighted this year to achieve 96% (2023: 94%). We are proud to offer customers a high level of specification as standard, significant choice and excellent customer service through all stages of the house buying journey. During the year, we were also successfully re-certified for ISO 9001 (Quality Management).

With a years’ experience delivering homes under the New Homes Quality Board Code of Practice, we have seen value in the new processes introduced, particularly in managing final touches with homes now completed at least two weeks prior to customers moving in. Our Customer Feedback Group was also strengthened with its remit expanded to include reviewing industry findings from the Ombudsman Service in addition to our own customer feedback to inform further operational and service level improvements.

Build Quality and Efficiencies

Following a review of the house types offered across our brands, we streamlined our portfolio down to the most popular homes that are most efficient to build and capable of accommodating future building standards to maximise energy efficiency. The entire new range can be built efficiently from timber kits at our own factories and maximises the use of modern methods of construction on site. The greater build efficiency will mitigate the cost increases associated with new regulation. For all new planning applications, homes for each brand are now selected from a portfolio of 40 house types ranging from 700sq.ft to 2,500sq.ft offering two bed to five bed homes. Architecturally, the new portfolio has protected the quality, space and character

STRATEGIC REPORT

CHIEF EXECUTIVE'S STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2024

in house design, which differentiates us from other volume housebuilders. This includes a mix of elevations for the interesting streetscapes that Springfield is renowned for. The consistent build approaches will enable us to increase the quality of our housing delivery.

Environment and People – ESG

We build highly energy efficient homes within communities designed for residents to live sustainably. We utilise modern methods of construction to build the timber-kits for our homes off-site in two regional factories. At Springfield, we have led the way in the delivery of developments utilising air source technology and, during the year, almost half of the homes we delivered were without gas.

Our industry-leading levels of investment in training and development continued during the year, and we have trained one apprentice for every 15 homes we built - with 22% of our site workers being apprentices. In addition, 6% of our office staff undertook formal qualifications during the year. Wellbeing continues to be a focus and we are proud to have seen how our employees have benefited from all of having private healthcare available.

This year we have driven forward a number of strategic projects that can add meaningful value to our people – our employees, our customers and the communities in which we build – and the environment, with changes to our operations reducing carbon, preventing waste or protecting habitats. This progress has been captured in our annual ESG Strategy Update, which has been published on our website alongside this report.

Outlook

We entered the new financial year in a better position than at the same point in the previous year – with a stronger balance sheet, an improving private market backdrop and a larger contracted order book in affordable housing. Since year end, we have experienced an increase in private housing reservation rate, with the reservation rate from 1 June 2024 to date being ahead of the same period last year.

With the sustained improvement in market conditions and homebuyer confidence, as described above, we are on track to deliver revenue for private housing for FY 2025 in line with market expectations. In affordable housing, a significant proportion of our forecast revenue for FY 2025 is already contracted and the balance is under negotiation. Accordingly, the Board continues to expect to achieve strong year-on-year growth in affordable housing revenue as well as a significant improvement in affordable housing gross margin. In addition, build cost inflation is expected to be broadly flat for FY 2025. As a result, we are on track to report results for the year to 31 May 2025 in line with market expectations, with total revenue remaining level with FY 2024 and growth in profitability.

Looking further ahead, the fundamentals of the business and of the housing market in Scotland remain strong. The undersupply of housing, which is across all tenures, is intensifying. We offer high quality, energy efficient homes in popular locations across the country under multiple well established, reputable brands. We have one of the largest owned land banks in Scotland, 88% of which has planning permission. This includes significant land holdings in the North of Scotland, a region that will require thousands of new homes in the coming years to support the planned development of green infrastructure. In addition, we are hopeful of a change in the policy environment regarding rent cap barriers, which would encourage PRS providers to resume activity in Scotland. We are well positioned to benefit from any return of PRS housing development, which would represent an upside to forecasts, having successfully delivered the first houses built specifically for private rent in Scotland.

Accordingly, the Board remains confident in the Springfield Group's prospects and in our ability to generate shareholder value.

Innes Smith
Chief Executive Officer
16 September 2024

STRATEGIC REPORT

CHIEF FINANCIAL OFFICER'S REVIEW
FOR THE YEAR ENDED 31 MAY 2024

Trading for the year ended 31 May 2024 reflected the challenging market conditions – although we are pleased to note that our results are ahead of our original expectations both in profit terms and closing net bank debt. To mitigate the impacts of the downturn and ensure we are in a stronger position for when more normalised conditions return, we took decisive actions to carefully manage working capital, maximise cash generation and reduce our debt. A key element of this was actively pursuing profitable land sales. This, alongside sustained focus on cost control, enabled us to exceed our original target of reducing net bank debt to £55m by year end by c. £15m, which is a great achievement.

In summary, for the year ended 31 May 2024, revenue was £266.5m (2023: £332.1m), adjusted profit before tax and exceptional items was £10.6m (2023: £16.0m) and statutory profit before tax was £9.7m (2023: £15.3m). Net bank debt at 31 May 2024 was reduced significantly to £39.9m compared with £61.8m at 31 May 2023.

The lower revenue reflects the challenging market conditions that have been experienced across the industry, with subdued homebuyer confidence and reduced activity in affordable housing.

Revenue	**2024** **£'000**	**2023** **£'000**	**Change**
Private housing	184,734	253,362	(27.1)%
Affordable housing	46,975	53,931	(12.9)%
Contract housing	4,995	19,681	(74.6%)
Land sales	28,055	3,676	663.2%
Other	1,768	1,482	19.3%
TOTAL	266,527	332,132	(19.8%)

Private housing remained the largest contributor to Group revenue, accounting for 69.3% of total sales (2023: 76.3%), with a revenue of £184.7m (2023: £253.4m). This was primarily due to the reduced homebuyer confidence that was experienced across the industry resulting in the Group entering the financial year with a lower orderbook than in the previous year. Affordable housing revenue was £47.0m (2023: £53.9m), accounting for 17.6% of total sales (2023: 16.2%), with the lower revenue reflecting our decision in the previous year to pause entering new affordable-only contracts until the economics became more attractive in the inflationary environment. In contract housing, which accounted for 1.9% of total sales (2023: 5.9%), revenue was lower as no new phases of private housing were released at Bertha Park until the end of the year and because of the contribution to 2023 from revenue generated through delivery under our PRS contract.

As previously noted, a key part of our strategy during the year was to reduce our debt position through profitable sales of land at sites that do not impact our near-term development pipeline. Accordingly, there was a substantial increase in revenue generated from land sales to £28.1m (2023: £3.7m), which generated a profit of £6.2m.

Gross profit for the year was £43.4m (2023: £48.0m) due to the lower revenue. Gross margin for the Group was 16.3% (2023: 14.4%), which primarily reflects the contribution from profitable land sales. Gross margin in private housing was broadly maintained while there was an improvement in affordable housing gross margin reflecting the lesser impact of the legacy contracts that had impacted the prior year.

Administrative expenses, excluding exceptional items, were £26.5m (2023: £28.0m). This reflects the sustained focus on generating cost savings and rationalisation across the Group.

Finance costs were £7.5m (2023: £4.8m), which represents higher bank interest payments due to the increase in interest rates and the increase in average bank debt over the period to fund the final deferred payment for the acquisition of Tulloch Homes as well as the first deferred payments for the Mactaggart & Mickel Homes acquisition.

Exceptional items were £0.9m (2023: £0.7m), which mainly relates to restructuring costs involved with reducing the ongoing cost base of the Group.

STRATEGIC REPORT

CHIEF FINANCIAL OFFICER'S REVIEW (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2024

Operating profit was £17.0m (2023: £20.0m). Excluding exceptional items, operating profit was £17.9m (2023: £20.7m). Statutory profit before tax was £9.7m (2023: £15.3m) and adjusted profit before tax and exceptional items was £10.6m (2023: £16.0m).

Basic earnings per share (excluding exceptional items) were 7.05 pence (2023: 10.74 pence). Statutory basic earnings per share were 6.36 pence (2023: 10.19 pence). Return on capital employed was 8.0% (2023: 8.8%), which primarily reflects the lower profit.

Net bank debt at 31 May 2024 was significantly reduced to £39.9m (31 May 2023: £61.8m), reflecting our sustained focus on reducing our debt position as described above. Net bank debt to EBITDA ratio was 2.0 (2023: 2.8).

A term loan of £18.0m that had a repayment date in September 2024 was paid in full in May 2024. Our revolving credit facility of £87.5m that was initially due to expire in January 2025 has, post year end, been extended for a further 12 months to January 2026 and a £7.5m overdraft facility has also been put in place for 12 months until September 2025, continuing to provide working capital facilities for the Group.

In order to support the going concern period to 30 September 2025, the Board-approved budget to May 2025, with a further year added to May 2026, forms the basis of the detail and assessment to confirm the appropriateness of the going concern basis being adopted for the preparation of the 31 May 2024 financial statements.

In addition to the Board budget two sensitivity scenarios have been prepared reducing private home plots by c.10% and c.15% in the year to May 2025 from the original Board-approved budget. Under the 15% reduction scenario, the peak borrowing utilises 81% of the banking facilities. Under this scenario there are a number of mitigating actions that are within the control of the Group and could be pursued if required.

Under all three scenarios the Group is able to operate within its bank facilities and covenants and at May 2025, the bank facility utilisation based on the Board-approved budget is forecast to be around 40%.

The Directors are confident that the Group has adequate resources to continue in operational existence for the foreseeable future and are satisfied that the Group will generate sufficient cash to meet its liabilities as and when they fall due for a period of 12 months from the signing of the annual report and financial statements for the year ended 31 May 2024.

Alternative performance measures

The Directors use alternative performance measures (for example adjusted profit before taxation, which takes statutory profit before taxation and adds back exceptional items) as this allows a better assessment of how the Group is performing by excluding costs not associated with trading. Key Performance Indicators are detailed on the financial highlights page and are discussed throughout the annual report.

Iain Logan
Chief Financial Officer
16 September 2024

STRATEGIC REPORT

COMPANY OVERVIEW AND RISKS
FOR THE YEAR ENDED 31 MAY 2024

Climate Change Risks

The homes we deliver in key locations across Scotland are designed to be energy efficient. We adopt measures to make them more environmentally sustainable, taking designs beyond the latest environmental standards to reduce the environmental impact of our homes. We develop sites taking account of natural resources, to protect biodiversity in the area for future generations. We have delivered over 60 developments without fossil fuels, using air source technology as a successful alternative. We also have a head start on modern methods of construction with two timber kit factories and all of our homes built off-site from sustainable timber.

Alongside this report, our ESG strategy is published, and, for our second year, we have covered the risks and opportunities we have identified against the four pillars of Governance, Strategy, Risk Management and Metrics and Targets within our Climate-related Financial Disclosures on pages 17 to 36.

Quality Management

As a business, we are accredited in ISO 9001 and 14001. We aim to secure ISO 45001, an occupational and Health and Safety management standard, within the 2024/25 financial year. These accreditations support our continued work towards an accredited Integrated Management System (IMS).

Key Risks and Uncertainties

The principal risks and uncertainties identified and mitigated against include:

- market risk;
- credit risk;
- liquidity risk;
- changes in consumer demand;
- cash flow risk;
- resources risk;
- legal and regulatory risk;
- health and safety risk;
- land supply risk;
- planning risk;
- funding risk; and
- interest rate risk.

Market, credit and liquidity risks are dealt with in Note 29 of the consolidated financial statements. Further details on how risks are managed are set out in pages 15-16.

Changes in Consumer Demand

The risk of reduced sales rates due to a reduction in demand is mitigated by the following factors:

- regular reviews of market conditions, product range, pricing and geographic spread to make sure the right homes are delivered in the right places at a profitable price;
- customer service, quality of build and customer satisfaction are monitored to maintain reputation;
- monitoring of and representations in relation to changes in government housing policy, including by the CEO as an executive board member of Homes for Scotland, allows forward planning to mitigate risks identified as result of changes in policy; and
- our diversified geographical and product offering.

STRATEGIC REPORT

COMPANY OVERVIEW AND RISKS (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2024

Future Cash Flow Risk

Detailed budgeting and regular review of our forecasts allows efficient management of future cash flows as part of managing any liquidity risk.

The Group has bank facilities, securing funding until January 2026, which include covenants and have sufficient headroom in place. The Group and funders communicate regularly.

Resources Risk

The Scottish labour market is competitive, particularly in the North of Scotland where we compete for labour with the renewables sector. Strategies in place to maintain Springfield's reputation as a good employer and ensure the appropriate supply of skills include:

- annual remuneration and reward review;
- annual training review for every employee;
- a Board led culture of empowerment;
- private health care for all staff; and
- satellite television discount and gym membership.

While inflation on building materials has eased, prices are continually being managed by:

- actively seeking alternative suppliers and materials;
- standardising materials and products across the Group to add to buying power;
- negotiating deals directly with manufacturers; and
- the growth of the Group, and recent acquisition of competitors, has strengthened our purchasing power and access to materials.

Legal and Regulatory Risk

The Group has an in-house legal department consisting of three experienced solicitors which advises and supports the Group with legal compliance to ensure the Group reduces its legal and regulatory risks (e.g. disruption to trade, fines or other penalties) and helps ensure contracts are robust across the business.

Health and Safety Risk

There are health and safety risks inherent to construction. Health and safety is the first agenda item at every Board meeting. The Group has an in-house Safety Health Environment and Quality (SHEQ)Team which ensures overall compliance by:

- monitoring health and safety standards across sites with regular visits;
- taking action where required;
- advising on safe practice at the outset of projects;
- initiating training;
- introducing or updating applicable policies or procedures; and
- ensuing health surveillance is carried out across the Group.

Land Supply Risk

The risk of securing sufficient land is reduced by a large land bank owned or secured by contract in a spread of geographic locations which will appeal to our range of customers. This is also mitigated due to the strategic land options, largely acquired as part of the Mactaggart & Mickel acquisition, which has strengthened our access to land in different geographical locations.

Our strong land bank, with planning, ensures that the Group can bring forward developments even if land buying market conditions are unfavourable. Prospective sites are brought forward from the land bank, through the planning system, in tranches considered by the Board to be sufficient to allow the Group to achieve its plans for growth.

STRATEGIC REPORT

COMPANY OVERVIEW AND RISKS (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2024

Planning Risk

Delays in receiving planning consents could interrupt business. Planning is dealt with internally by expert planners who have good relationships with local authorities and who are supported by a full architectural and design team. The Board reviews the balance of land held at the various stages of planning to ensure an appropriate flow of consented land. Risk is also lower because of the high proportion of land that we have with planning in place.

Financial Risk Management Objectives

Details of the Group's financial risk management objectives are set out in Note 29 to the consolidated financial statements.

Charitable Donations and Community Support

Across the Group we understand the importance of community and seek to support and engage those in the areas where we are building. We specifically look to help young people achieve more and to help those who are disadvantaged and have a sponsorship form available on our Group website where charities, groups and organisations can request funding. Staff visit schools to support a variety of initiatives including careers information, mentoring, and charitable programmes. During the year, the Group made payments of £73,739 (2023: £80,284) to charities.

In addition to local support, we have invested in youth sports teams, individual athletes and sports, like Squash and Shinty. During the period, this includes amateur golfers, Summer Elliot and Calum Scott. Our support of Scottish Squash and the Springfield Scottish Squash Open continues as well as our commitment to Shinty, a predominately Scottish highland sport, with Tulloch sponsorship of the Camanachd Cup. This agreement was extended to 2027 in the period.

Our work with the community also extends to young people as they prepare for the future. We work closely with initiatives like Developing the Young Workforce and Career Ready where young people join us for work placements to give them an insight into the world of work whilst showcasing the various avenues into the many disciplines available within the sector.

STRATEGIC REPORT

CLIMATE RELATED FINANCIAL DISCLOSURE
FOR THE YEAR ENDED 31 MAY 2024

1. Governance pillar:

a. The Board's oversight of climate-related risks and opportunities

The Board determines the strategy, purpose, governance, and risk management of the company. ESG continues to be a standing item on every agenda for Board meetings, and climate-related risks and opportunities are discussed within ESG Committee meetings. The terms of reference for the Board and Audit Committee also include responsibilities for climate change. In February 2023, selected members of the Board and ESG Committee were given training on climate change by experts at RSM. The governance structure is presented in the table below to show the levels of governance and key roles and responsibilities:

<table>
<tr><th colspan="2">Board of directors</th></tr>
<tr><td colspan="2">Meeting frequency in 2023 / 2024: 5 meetings
Key role: Oversees climate-related risks and opportunities.
The Board includes a non-executive director appointed as ESG lead (since 2021).
Board responsibilities include:
• Review strategic planning to ensure full integration of climate-related risks and opportunities
• Oversee major capital expenditures, acquisitions, divestments with consideration of climate change
• Ensure the interests of all stakeholders are considered in decision making</td></tr>
<tr><td>Informing</td><td>Reporting</td></tr>
<tr><td colspan="2">The Board delegates specific ESG matters to its Committees</td></tr>
<tr><td>ESG Committee</td><td>Audit Committee</td></tr>
<tr><td>Meeting frequency in 2023 / 2024: 5 meetings
The ESG Committee's responsibilities include:
• Oversee implementation of the ESG strategy, including climate-related matters
• Recommend policies and practices to the Board to improve performance
The Committee is chaired by the CEO, with:
• Non-exec Director (responsible for ESG)
• Group SHEQ Director
• Group Corporate Communication Director
• Group HR Director
• Group ESG Manager
• Senior Group Counsel (Secretariat of Committee)</td><td>Meeting frequency in 2023 / 2024: 3 meetings
The Audit Committee is chaired by a non-executive director and responsible for:
• Monitoring climate-related risks as part of the review over principal risks
• Receiving and reviewing reports from management and the auditors relating to the annual report
• Overseeing the internal controls system</td></tr>
<tr><td>Informing</td><td>Reporting</td></tr>
<tr><td colspan="2">Executive Leadership Team</td></tr>
<tr><td colspan="2">The CEO is responsible for ESG performance, including climate change and implementing and achieving the ESG strategy, including the management of climate-related risks and opportunities. The Group Operational Directors are process owners against ESG objectives and report to the CEO through Group Director meetings. Examples of ESG responsibilities for the executive leadership team include:
• Group Commercial Director is responsible for reducing carbon intensity of purchased electricity
• Group Architectural Director is responsible for alternatives to fossil fuel use in new homes</td></tr>
</table>

STRATEGIC REPORT

CLIMATE RELATED FINANCIAL DISCLOSURE (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2024

1. Governance pillar (continued)

a. The Board's oversight of climate-related risks and opportunities (continued):

Informing	Reporting
Operational management	
ESG Team The Group ESG Manager is responsible for implementing the ESG strategy: • Collecting operational performance data on carbon emissions and other metrics. • Assessing and managing climate-related risks on the risk register.	**Operational Management** The management team supports the Operational Directors in implementing their ESG objectives. The management team integrates climate change considerations into their roles in line with the Group strategy. An example action includes supporting the roll out of electric vehicle chargers at facilities.

b. Management's role in assessing and managing climate-related risks and opportunities:

The members of the Group Operational Board are responsible for setting management's role in assessing and managing climate-related risks and opportunities. The Operational Directors will delegate day to day management of the ESG objectives to their senior leadership teams. The Group Operational Board includes:

- Chief Executive Officer
- Chief Operating Officer
- Chief Financial Officer
- General Counsel
- Group SHEQ Director
- Group HR Director
- Group Corporate Communications Director
- Group Engineering Director
- Group Commercial Director
- Group Architectural Director
- Springfield North Managing Director
- Glassgreen Hire Managing Director
- Tulloch Homes Managing Director
- Springfield Partnerships Managing Director
- Springfield Central Managing Director

An example of climate change consideration during the year is the review of the practicalities of our timber kit factories to build closed panel systems. This is being carried out by the Group Commercial Director to help reduce the carbon and resource intensity of production. The Group Commercial Director is responsible for the timber kit factories and their role in tackling climate risks and opportunities.

2. Strategy pillar:

a. Climate-related risks and opportunities the organisation has identified in the short, medium, long term:

The time horizon for the risk and opportunities assessment have been defined as follows:

Timeframe	Years	Reason
Short	1 – 3 years 2024 - 2027	Aligns to time horizon considered in the business strategy and reflects changes to legislation including the New Build Heat Standard.
Medium	4 – 9 years 2028 – 2033	Aligns to planning and site development time horizon.
Long	10 – 21 years 2034 - 2045	Aligns with the Group's net zero carbon target to reach net zero emissions by 2045. This target is consistent to Scottish government's net zero target.

STRATEGIC REPORT

CLIMATE RELATED FINANCIAL DISCLOSURE (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2024

2. Strategy pillar (continued)

a. Climate-related risks and opportunities the organisation has identified in the short, medium, long term (continued):

Physical risks relate to changing weather patterns as a result of climate change, both chronic changes which are longer term shift in climate patterns and an increasing frequency of extreme weather events. *Transition* risks relate to policy, legal, market and technology changes that will occur as part of the transition to a low carbon technology. Both types of climate risk and transitional opportunities have been identified by the business. These climate-related risks are included in a climate risk register which is updated at least annually, and details the potential impact of the risk, the risk grading, any mitigating actions, and the risk owner. The risk grading is categorised as high, medium or low impact driven by knowledge of the business and informed by the scenario analysis.

Details of material climate-related risks and their corresponding impact over short, medium, and long term are summarised under recommendation b. of the strategy pillar. The risks and opportunities included in this report are deemed to be material as they have the greatest potential impact and greatest likelihood of materialising. We are working to extend our use of quantifiable risk gradings, including those that are financially defined and to formalise this the enterprise risk framework. The climate-related risks will align to the risk gradings and appetite.

b. The impact of climate-related risks and opportunities on the business, strategy, and financial planning:

The impact of climate risks has been assessed over the short, medium, and long-term time horizons using qualitative and quantitative scenario analysis. The assessment has used data from a range of sources (detailed in Appendix A) - page 36.

We have not performed detailed scenario analysis for the short term because the impacts from both physical and transitional risks are consistent with information we have today. The medium-term time horizon helps to identify business risks in relation to interim carbon reduction targets. The long-term time horizon helps identify business risks in relation to future climate risks. There are limited data sets for 2045. Therefore, we have used the year 2050 as a proxy to understand climate-related risks and opportunities over the long-term horizon.

The impact from the physical and transitional climate risks varies dependent on different future scenarios. Two scenarios have been utilised, in line with Climate change disclosure recommendations, which illustrate the contrasting possible future pathways of climate change, we have used a “below 2°C” and “above 4°C” temperature outlook. Two different sources are used for physical and transitional risks for medium- and long-term analysis, and are summarised below:

Temperature rise post 2050	Scenario used	Risks observed	Example type of risks
Below 2°C	Intergovernmental Panel on Climate Change (IPCC) Representative Concentration Pathway (RCP) 2.6	Physical risks	Overheating Homes; Floods; Drought stress; Precipitation; Windstorms in the UK; Heat stress; Wildfire
3 – 4°C	IPCC RCP 6.0	Physical risks	Overheating Homes; Floods; Drought stress; Precipitation; Windstorms in the UK; Heat stress; Wildfire

STRATEGIC REPORT

CLIMATE RELATED FINANCIAL DISCLOSURE (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2024

2. Strategy pillar (continued)

b. The impact of climate-related risks and opportunities on the business, strategy, and financial planning (continued):

Temperature rise post 2050	**Scenario used**	**Risks observed**	**Example type of risks**
1.8°C	Shared Socioeconomic Pathways (SSP) 1 - 2.6	Transition risks	Potential carbon prices and future energy mix
Above 4°C	SSP 5 - 6.0	Transition risks	Potential carbon prices and future energy mix

Please note, Shared Socioeconomic Pathways (SSP) scenarios for global carbon price do not reflect the regional context of carbon price in EU and UK. Consideration on actual carbon price in the EU ETS and UK ETS were in place in the impact analysis.

2.1. Summary of material physical risks:

The table below details the material physical risks with the potential impact classified as low, medium or high risk. The grading of the risks is subjective but we are aiming to financially quantify the risk grading in future. The mitigation actions were identified by the Operational Directors' response for the area of the business.

STRATEGIC REPORT

CLIMATE RELATED FINANCIAL DISCLOSURE (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2024

2. Strategy pillar (continued)

2.1. Summary of material physical risks (continued):

Risk	Term Rating	Impact on Springfield	Mitigation and adaptation
Storms Greater severity of storm-related damage is expected in an above 4 °C scenario. Increased frequency of storms will disrupt construction activities. Storms can also affect the origin of raw materials, with greater uncertainty expected in the supply chain over the longer term.	Short Term – Low Medium Term – Medium Long Term - High	**Impact on construction sites in Scotland** Increase in expected damage from tropical cyclones in the UK compared to 2015 reference year, specifically: • Short term: increase by 6% (both RCP 2.6 and 6.0) • Medium term: increase by 9% (both RCP 2.6 and 6.0) • Long term: increase by 14% / 17% (RCP 2.6 / 6.0) The storms will impact the Group through: • Disruptions to construction activities e.g. strong winds could delays progress on site and delivery of materials • Damage to infrastructure on site and in the local area e.g. damage to power supply or roads **Impact on Supply Chain** Our supply chain is global with most tier 1 suppliers based in the UK importing raw materials into the UK such as timber from North America and Scandinavia. These locations may also experience higher levels of disruption due to increased frequency of storms.	We comply with all current regulation regarding wind design to mitigate risk from damage on construction sites. It is expected that planning requirements will adapt to the future risk profile of storms. The impact of storms on the supply chain is mitigated by using several suppliers through offering alternatives in times of product shortage, delay, or price increase. This includes exploring options for Scottish timber production. The procurement team are in regular contact with suppliers to manage the supply of materials.

STRATEGIC REPORT

CLIMATE RELATED FINANCIAL DISCLOSURE (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2024

2. Strategy pillar (continued)

2.1. Summary of material physical risks (continued):

Risks	Term Rating	Impact on Springfield	Mitigation and adaptation
Extreme weather events Sudden changes in temperature and increased frequency of extreme weather events are expected in the UK. This can include extreme cold and changes in rainfall patterns.	Short Term – Low Medium Term – High Long Term - High	Extreme cold conditions or other extreme weather is expected to increase in frequency and severity under an RCP 6.0 scenario. This may lead to disruptions or emergency stops for construction work. This could affect working conditions on site and progress of projects. Our current sites are all based in Scotland. There are currently no sites exposed to a high risk of drought. However, this could be an emerging risk and one we will continue to monitor drought risk.	We comply with health and safety regulations to ensure the safety of construction workers in extreme weather conditions. It is expected that health and safety regulation will adapt and provide guidance for emerging extreme weather events. In extreme heat events, shift patterns may need to be changed for construction workers to avoid the hottest parts of the day. However, this can only occur if local building regulations allow earlier start times.

STRATEGIC REPORT

CLIMATE RELATED FINANCIAL DISCLOSURE (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2024

2. Strategy pillar (continued)

2.2. Summary of material transition risks:

Risks	Term Rating	Impact on Springfield	Mitigation and adaptation
Carbon price A higher carbon price may increase material costs but lead to a reduction in embodied carbon in construction materials. Embodied carbon is the carbon dioxide emissions associated with the materials used in construction. There may be an introduction of carbon price across all materials. The risk may be amplified by an increased demand for lower carbon materials, for example, as all house builders move towards modern methods of construction.	Short Term – Low Medium Term – High Long Term - High	Our suppliers of certain construction materials are exposed to carbon prices through policy mechanisms like the UK Emissions Trading Scheme (UK ETS). Materials exposed to carbon price currently include bricks, concrete and other energy intensive materials. Other suppliers may offset emissions voluntarily to sell carbon neutral products. Suppliers may pass these costs on to the Group. Higher carbon prices are expected with scenario SSP 1 – 2.6 (1.8°C) compared to the SSP 5-6.0 (Above 4°C) especially over the medium and long term. Please see Appendix A – page 36. Based on data from the UK ETS and EU ETS, we expect the price of carbon in the medium and long term to increase further than current projections.	Supplier and industry initiatives are reducing the embodied carbon in construction materials. This would reduce the exposure to the cost of carbon through UK ETS. Timber frame construction has a lower embodied carbon than materials used in traditional building methods, such as bricks and concrete. Modern methods of construction mean more timber is used than traditional building materials.
Supply chain Transitional risks in the supply chain relate to the housing sectors objectives to reduce embodied carbon. Modern methods of construction, including the use of timber kits, is expected to increase.	Short Term – Medium Medium Term – High Long Term - Low	The increase in timber used by national house builders could increase demand and costs of materials. This is expected to increase over the short to medium term in line with building regulations and company targets to reduce embodied carbon. In the long term, the demand may remain consistent with the medium term.	The impact of increased demand for timber is mitigated by using several suppliers to provide alternate options in times of shortages or price increases. For example, exploring opportunities for Scottish timber. The procurement team are in regular contact with suppliers to manage the supply of materials.

STRATEGIC REPORT

CLIMATE RELATED FINANCIAL DISCLOSURE (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2024

2. Strategy pillar (continued)

2.2. Summary of material transition risks (continued):

Risks	Term Rating	Impact on Springfield	Mitigation and adaptation
Housing regulations The Scottish Government has increased the stringency of building regulations to improve the energy efficiency of homes and reduce the reliance on a fossil fuel heating systems.	Short Term – High Medium Term – Medium Long Term – Low	The New Build Heat Standard (Scotland), and other building regulations, increases the sustainability requirements of homes built. Failure to keep up with the regulation and standards could lead to financial damages. There may be increased costs for research and development, including trialling new technology to meet the building regulations. There may also be increased costs to comply with the regulations as additional or different materials are required to build a home. There may be supply shortages of in demand products, including solar panels. The risk is higher in the short term but is expected to become part of business as usual in the medium to long term.	Involvement in industry groups and with regulators can help understand expectations to comply with evolving regulations. Immediate changes in building regulations have been incorporated into home design and through updates to planning permission applications. Springfield has ongoing R&D projects led by the in-house architectural team that look beyond regulatory requirements when designing and building homes.

STRATEGIC REPORT

CLIMATE RELATED FINANCIAL DISCLOSURE (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2024

2. Strategy pillar (continued)

2.2. Summary of material transition risks (continued):

Risks	Term Rating	Impact on Springfield	Mitigation and adaptation
New technology New technology is required to decarbonise Springfield's own operations, as well as reduce the energy used in new homes.	Short Term – Medium Medium Term – High Long Term – Low	New technology includes alternatives to fossil fuel heating and construction machinery, such as air source heat pumps and solar batteries. A high capital investment is expected with new technologies. This includes trialling new technology to see how they work against more carbon intensive alternatives. The workforce may need to be upskilled to install new technology in homes. Competitors may adopt new technology earlier which would result in a poor sustainability profile compared to competitors. Failure to find and adopt alternatives to diesel generators will mean we do not meet carbon reduction targets.	We have been designing and building homes with low carbon technologies for several years and this work has gained momentum through one of our ESG projects, led by our in-house architectural team. This includes air source heat pumps, and hybrid or solar powered solutions. The project has assessed feasibility of technologies and recommended the best solutions against a range of criteria.

STRATEGIC REPORT

CLIMATE RELATED FINANCIAL DISCLOSURE (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2024

2. Strategy pillar (continued)

2.3. Summary of opportunities:

Opportunities	Details	Impact
Green finance	Increased offering of sustainability linked loans and other finance solutions can help provide the capital to accelerate the transition to a low carbon future. This may include reduced interest rates for meeting green lending criteria.	There may be a small reduction in interest payments from sustainability linked loans by meeting ESG targets. In preparation of the increased availability of green finance, we have been involved with Next Generation, a sustainability benchmarking programme for UK housebuilders. There may also be increased access to additional investors by demonstrating strong ESG performance.
Modern methods of construction	The UK housing market is moving towards using modern methods of construction approaches driven by industry initiatives and government regulation.	The Group has two timber kit factories as part of our operations which offers a competitive advantage over other housebuilders. We have already started a review to increase the percentage of the home that is built in the timber factory before reaching site. There is an opportunity to increase the output of the timber kit factories, including selling timber kits to other house builders who do not have their own infrastructure. There are opportunities for us to conduct pilot projects with locally sourced materials, including timber. This will assess the feasibility and quality of Scottish grown timber. Local supply chains can also reduce logistics costs, cutting both transport related expenses and reducing carbon emissions.
Location of land bank	The location of the Group's current land bank has limited exposure to flood risk, and other physical climate risks.	Scenario analysis on physical risks faced by Scotland has identified areas, such as Fort William region, prone to flooding under both below 2°C scenario and above 4°C degree scenario. Our process for appraising land acquisitions already includes assessing land against flood risks. The consideration of physical risks of climate change on land acquisition creates a competitive advantage for the Group to secure future value of land.

STRATEGIC REPORT

CLIMATE RELATED FINANCIAL DISCLOSURE (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2024

2. Strategy pillar (continued)

2.3. Summary of opportunities (continued):

Opportunities	Details	Impact
Green homes	Improved energy efficiency in new homes may create a competitive advantage for low carbon homes compared to older housing stock. Green mortgage products for customers may be available for those buying energy efficient homes.	The early adoption of low carbon products and low carbon technology can create competitive advantage over other house builders in the market. A survey conducted in 2023, found that 74% of our customers are willing to pay up to 5% more for an energy efficient home. Examples of consumer demand for low carbon technologies include solar panels and battery storage for solar energy. Green mortgage products are on the rise. Our homes are more energy efficient than older housing stock and therefore customers may be able to qualify for green mortgage products. This could increase customer demand for the new homes we build.
New technologies and resource efficiency	Improved technology for onsite machinery can reduce energy usage leading to cost savings. The decarbonisation of the UK energy supply will result in lower operational emissions.	Diesel machinery is used on site. There will be financial and environmental gains achieved by using more efficient machinery. Alternatives to diesel generators on site can include accessing the grid energy supply at an earlier stage of the development.
Attracting more talent	Employees are increasingly motivated to work with companies with strong ESG credentials.	Increasing the positive brand image for environmentally and socially friendly operations and the delivery of green homes can help attract more talents. Internal training programmes can also be planned to upskill the current workforce to incorporate sustainability in their current roles and responsibilities.

STRATEGIC REPORT

CLIMATE RELATED FINANCIAL DISCLOSURE (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2024

2. Strategy pillar (continued):

c. The resilience of the Group's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario:

We have assessed the resilience of the strategy and business model through detailed scenario analysis and have a number of climate change mitigation strategies in place that increases the resilience to potential risks. For example, climate risks are assessed when performing land valuations and meeting planning requirements.

The main impacts across the below 2°C scenario and above 4°C have been identified.

The main impacts of a below 2°C scenario are:

Carbon price

There is a risk of increasing costs of raw materials used in the construction sector in a below 2°C scenario. A carbon price is assumed to be incorporated in high emitting sectors covering different construction materials, such as steel, concrete and bricks. Under this scenario, our suppliers could pass on the impact of carbon pricing for high carbon building materials onto the Group. This would increase the costs of operations in the short and medium term. Prices may be consistent in the long term.

The assumptions in a below 2°C model is that regulations become more stringent to transition to a low carbon economy. The carbon price is modelled on several countries and sectors.

In a below 2°C scenario, the SSP 1 - 2.6 model projected a medium-term carbon price of circa £27 per tonne of CO_2e by 2030, while the long term global carbon price for 2050 is projected to be £82 per tonne of CO_2e.

Based on our previous analysis, approximately 12.21 tonnes of CO_2e are attributed to bricks per average house built and 10.41 tonnes of CO_2e from the concrete used in an average house built. By using the expected carbon costs for bricks and concrete as an example, the overall increase in construction materials would be £0.6m (1%) for 2030 and £1.8m (2%) for 2050 (using a FY2022 baseline level of output). It should be noted that, the average price for carbon in UK Emission Trading Scheme reached £97 per tonne of CO_2e in 2022, which has already exceeded the projected price by SSP 1 - 2.6 model.

Therefore, it is likely that we will be exposed to a higher cost of materials. We are engaging with our value chain to reduce greenhouse gas emissions of materials, including understanding suppliers own carbon reduction plans.

Regulatory requirements

The Housing to 2040 strategy from the Scottish Government includes a target for all residential properties in Scotland to have an Energy Performance Certificate (EPC) with a minimum of a 'C' rating. New homes in Scotland which are consented from 2024 onwards, must have zero direct emissions. It means no gas boilers or other fossil-fuel-based heat or power. Overall, the measures will see the equivalent to a 68% reduction in emissions from heat in buildings by 2030 based on 2020.

Scotland has a net zero target of 2045 and housing is expected to make-up a significant part of the emission reduction efforts. Technological solutions are required to phase out the current reliance on fossil fuel in homes which could affect the cost to build new homes. In addition to cost increases, there could be a shortage in supply of technology and expertise, leading to delays in the construction and maintenance of homes that are compliant with the regulations.

STRATEGIC REPORT

CLIMATE RELATED FINANCIAL DISCLOSURE (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2024

2. Strategy pillar (continued)

c. The resilience of the Group’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario (continued):

<u>Impact on current and future sites</u>

We have assessed our land bank against several physical climate risks, using the data sources documented under recommendation b. of the strategy pillar and Climate Impact Explorer. The impact of physical climate risks on the land bank has been assessed over the medium and long term.

The results of this are shown in the table below:

	Overheating Homes	**Flood**	**Heat stress**	**Precipitation**	**Wildfires**
Medium term (% of sites exposed to increased risk)	0%	0%	0%	4%	4%
Long term (% of sites exposed to increased risk)	0%	0%	0%	14%	6%

As shown above, precipitation poses the largest risk based on the current land bank. The expected increased rainfall could increase risk of flooding and require additional flood defences on the site and may delay construction work.

The risk of wildfires is low over the medium term. The location of future homes may not be in close proximity to the woodland or forest. Therefore, the analysis only indicates that sites are closely located to woodland or forest areas with an increased wildfire risk so will feed into planning decisions.

The impact from precipitation and wildfires are relatively low risk. The other physical risks are not likely to impact our current sites under the below 2°C scenario. As the analysis is based on the current land bank, the risk profile of future sites is likely to change.

The main impact of above 4°C scenario includes:

<u>Impact on operations</u>

Physical risks under the above 4 °C scenario analysis manifest over a longer timeframe. There will likely be an increase of extreme weather in Scotland including flooding, and unusually high or low temperatures. The results of this scenario are shown in the table below:

	Overheating Homes	**Flood**	**Heat stress**	**Precipitation**	**Wildfires**
Medium term (% of sites exposed to increased risk)	0%	0%	0%	4%	4%
Long term (% of sites exposed to increased risk)	21%	0%	0%	94%	6%

STRATEGIC REPORT

CLIMATE RELATED FINANCIAL DISCLOSURE (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2024

2. Strategy pillar (continued)

c. The resilience of the Group's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario (continued):

The results of the analysis into the sites under the above 4°C scenario are consistent with the below 2°C scenario over the medium term. The physical risks under the above 4°C scenario may be more extreme but take longer to materialise in Scotland. The analysis is based on the current land bank, which is subject to change over the longer term.

Impact on operations (continued)

Scotland will experience an increase in precipitation in all locations, apart from certain areas of Northern Scotland. Over the long term, 94% of sites have been identified as having an increase in precipitation by 2% annually.

Over the long term, 21% of sites have an increased risk of overheating homes. Homes in urban areas are more exposed to overheating due to the heat island effect. The overheating of homes has not been identified as material risk as mitigations for heat stress are expected to feature in future building regulations over the longer term.

While we did not identify any sites at risk of flooding, there is a high risk of flooding around the Fort William area and in Aberdeenshire. The Group does not currently have any land in these areas, however, the impact of these could push competitor housebuilders into other locations impacting land availability.

The impact from wildfires in consistent with the RCP 2.6 scenario.

Impact on supply chain

The physical risks of climate change will also impact the Group's suppliers differently, depending on their locations. An increased risk of extreme weather events could damage supplier facilities or access, quality, and availability of raw materials.

We use timber as a key material in the kit factories, sourced from Scandinavia and Canada. These locations are exposed to different physical risks. If these risks materialise, it could cause a reduction in the quality of the timber, shortages of supply due to increased demand or damaged stock leading to increased costs of material.

Demand for timber is expected to increase as more UK housebuilders opt for timber as a lower carbon alternative to traditional brick construction. Whilst this presents competition for supplies, it may present an opportunity to work with local Scottish suppliers to source quality Scottish timber. The quality must be assessed, but there are early discussions around the use of new technologies to strengthen the faster growing local timber to offset the need to import from colder climates which have traditionally grown a better product.

Overall assessment of resilience

The Group has started to take steps to understand the business impact from climate-related risks by analysing risks and opportunities through engaging with external consultants on climate issues.

The highest impact risk expected over the medium term is carbon price costs leading to an increased cost of raw materials under a below 2°C scenario. As part of the Scope 3 assessment, carbon intensive materials have been identified and supplier engagement will be conducted. There are several industry led initiatives to reduce the carbon intensity of construction materials. In addition, we have set a Net Zero target, including Scope 3 emissions, for 2045.

2. Strategy pillar (continued)

b. The resilience of the Group's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario (continued):

The highest impact risk expected over the long term are physical climate risks. Climate risks are assessed when purchasing land, and when developing the land through planning permission requirements. However, there may be challenges in the future where land in certain locations is in scarce supply or requires significant climate mitigation costs. The impact of physical climate risks will be monitored at least annually.

3. Risk management pillar:

a. The organisation's processes for identifying and assessing climate-related risks:

Climate change has been determined to be a principal risk and is assessed and managed in line with the Group's risk management framework, as detailed under recommendation c. of the risk management pillar below.

The process of identifying and assessing climate-related risks followed the below stages:

1. A broad range of climate-related risks were considered across both transitional and physical risks. Different sources were used to identify these risks, including industry briefing papers and emerging government policies.
2. The impacts of each climate-related risk were considered as part of a workshop with the executive team and function directors/heads of departments (for attendee information see the introduction to the report.) For each risk the potential impact on the Group's business model and future strategy was discussed using qualitative scenario analysis over the defined short, medium, and long term time horizons. This enabled the identification of material risks for our business.
3. For the material climate-related risks identified, additional quantitative scenario analysis was performed (see recommendation a. of the strategy pillar for more details).
4. Material climate risks were added to the risk register. Where appropriate, climate-related risks were also included in functional risk registers by business areas. Example business areas include health and safety, environment and people, construction, and land and planning.
5. The potential impact of each risk was coded as low, medium, or high (see recommendation b. under the risk management pillar for more details).
6. High impact risks identified were added to the principal risk register. For these risks, either the CEO or CFO will be the risk owner, and it will be reviewed by the Board and Audit Committee.

The climate risk register will be updated at least annually by assessing the relevance of the identified risks and conducting further scenario analysis supported by more granular data analysis.

b. Processes for managing climate-related risks:

This is updated at least annually, and details the potential impact of the risk, the risk grading, any mitigating actions, and the risk owner. The climate risk register includes details of the potential impact and risk grading for each risk, these are classified as low, medium, or high for both grade and impact. The grading system is based on the senior management team's professional judgement and a materiality assessment across different business functions. Different risks are managed differently depending on the grading:

- Risks categorised as low indicate that we recognise the risk, but it is not actively managed as the risk is unlikely to affect the organisational strategy.
- Medium risks require management and has an allocated senior manager as the risk owner.
- High impact risks are included on the principal risk register. The ultimate risk owners are the CEO, COO and/or CFO of the group. The principal risk register is reviewed by the Audit Committee and the Board as described under governance pillar.

STRATEGIC REPORT

CLIMATE RELATED FINANCIAL DISCLOSURE (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2024

3. Risk management pillar (continued)

b. Processes for managing climate-related risks (continued):

Risk registers are maintained within each department and centralised risk reporting is in place to consolidate Group level risks. As the main activity of the majority of subsidiaries are the construction of homes, most risks are consolidated at a Group level. The timber kit factories are exposed to a different profile of risks.

Mitigation methods are identified and assessed against the risks outlined on functional risk registers. Risks are assigned with new grading scores after considering mitigation measures. Mitigation for climate-related risks is detailed under recommendation b. of the strategy pillar.

c. How processes for identifying, assessing and managing climate-related risks are integrated into the Group's overall risk management:

Climate-related risks are identified considering a longer time frame than is typically considered in the enterprise risk process. Therefore, it is appropriate to maintain a climate risk register. Climate risks from this register may be included in the functional risk registers, where they are assessed and managed using the same principles of the established risk process in the short term. For example, climate risks within the functional risk register are subject to the same assessments of grade and impact as other risks.
The risk appetite and the financial categorised risk gradings have not yet been defined as part of the enterprise risk process. This work is ongoing and climate-related risks and opportunities will use the same criteria when this has been defined and approved by the Audit Committee.

4. Metrics and targets pillar:

a. Detailed below the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process:

We monitor emissions from our own emissions, in accordance with the GHG Protocol Corporate Standard. Other metrics have been identified to show progress towards climate-related risks or opportunities. Please see the table below:

Metric	**Linked risk or opportunity**	**Target**	**Performance in FY24**	**Performance in FY23**
Average Standard Assessment Procedure (SAP) rating on all homes built in the past year.	Future Homes Standard, incl. varying standards across UK, requiring improved energy efficiency and reduced carbon.	86	86.1	85.5
Homes completed in the past year with no fossil fuel access (%).	Improved energy efficiency in homes and competitive advantage in offering low carbon homes.	We are assessing feasibility of setting a target.	45.5%	32%
Ultra Low Emission Vehicles in company fleet (%).	Failure to adopt new technology may lead to Springfield not meeting carbon reduction targets.	We are assessing feasibility of setting a target.	Electric company cars: 100% Electric company vans: 2.78% Overall company-owned electric vehicles: 56.61%	Electric company cars: 99.25% Electric company vans: 2.83% Overall company-owned electric vehicles: 56.67%

STRATEGIC REPORT

CLIMATE RELATED FINANCIAL DISCLOSURE (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2024

4. Metrics and targets pillar (continued)

c. Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks:

Scope 1 and Scope 2 carbon emissions are disclosed as part of the Streamlined Carbon and Energy Reporting (SECR) in the annual report.

The Group undertook an initial assessment of Scope 3 emissions back in 2022 and focussed on the upstream value chain emissions. For the first time, this 2024 report includes our downstream emissions which includes product use / emissions from homes sold. The Scope 3 emissions have been calculated following guidance from the GHG Protocol. The 2024 data and summary approach taken to calculate each emission source is detailed in the table below:

Scope 3 data (GHG Protocol category)	**2024 tonnes CO_2e**	**2023 tonnes CO_2e**	**Commentary and summary of approach taken** (emission factors from Department for Energy Security and Net Zero, and Department for Business, Energy, and Industrial Strategy)
Purchased goods and services (construction and non-construction materials) / capital goods / upstream transportation (category 1, 2 & 4)	57,123	59,919	*Slight decrease due to fewer completions of homes.* We estimated the average materials needed to build a home and mapped this to the emission factors. Therefore, the emissions for an average home are calculated using the tonnes of material multiplied by the total completions for this year. This is the same approach as last year. Non-construction material spend is calculated using the Consolidated Profit and Loss statement to map financial spend relating to other goods and services. Data excludes other scope 3 categories e.g. waste and business travel as these are covered separately.
Fuel and energy-related activities (category 3)	133	826	*Decrease is due to changes in emission factor, and reduction in energy usage across categories (gas and electricity) compared to previous year.* Using fuel and energy data from SECR workings, to apply emission factors on Well to Tank (WTT) and Transmission and Distribution (T&D) across gas, electricity and transport related fuels.

STRATEGIC REPORT

CLIMATE RELATED FINANCIAL DISCLOSURE (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2024

4. Metrics and targets pillar (continued)

d. Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks (continued):

Scope 3 data (GHG Protocol category)	**2024 tonnes CO2e**	**2023 tonnes CO2e**	**Commentary and summary of approach taken** (emission factors from Department for Energy Security and Net Zero, and Department for Business, Energy, and Industrial Strategy)
Waste from operations (category 5)	141	248	*Reduction due to change in waste profile – waste increased, but categories with highest emission factors decreased in volume, for example wood.* Calculated using volume data of waste produced in operations. Most waste contracts provide type of waste collected and where this is not available, an overall construction waste category emission factor is used.
Business travel (category 6)	62 from activity data 241 grey fleet from SECR	429	*More precise method used with actual data for hotels and flights. 2023 data is total business travel including grey fleet from SECR.* Grey fleet business travel is covered by SECR. This is not included within this section. Actual data for flights and hotels and for other categories, we have used a spend based approach.
Employee commuting (category 7)	528	369	*Increase due to use of site-based data to estimate actual distance travelled* Calculated using employee numbers, average commuting distances and a survey of 8 sites over a one-month period during the reporting year. Collecting the actual data from sites is an improvement on last year.

STRATEGIC REPORT

CLIMATE RELATED FINANCIAL DISCLOSURE (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2024

4. Metrics and targets pillar (continued)

b. Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks (continued):

Total upstream and own operations	**57,989**	**61,888**	*Reduction in emissions is expected as there are fewer completions in the year*.
Use of sold products (category 11)	30,507	Not calculated	We used the Dwelling Emissions Rate from the Energy Performance Certificate of a representative sample of house types across all developments during the year. We have projected the future emission factors by reviewing the plans for decarbonisation of the electricity grid and assuming a constant gas emission factor. We have used a 60 year lifecycle which is consistent with the industry averages and grossed up the sample to cover the total completions in the year.
End of life treatment of sold products (category 12)	1,736	Not calculated	The end-of-life emissions are based on demolition / recycling the materials used to build the average home and waste emission factors. The data for one home has been applied to the total completions in 2024.
Total scope 3 under consideration	**88,497**	**61,888**	*Additional scope 3 categories included in 2024.*

c. The targets used by the Group to manage climate-related risks and opportunities and performance against targets:

A net zero target for Scope 1 and Scope 2 are set for 2045. An interim carbon reduction target has been set at 39% by 2030 for location-based scope 1 & 2 emissions and 47% for market-based emissions. The interim target ensures that actions to improve energy efficiency and reduce carbon emissions are prioritised in the short term.

An engagement target is used for Scope 3 emissions to reduce the emissions from our value chain, with a focus on purchased goods and services. Based on guidance from the science-based target initiative (SBTi), within an engagement target, the coverage of suppliers should reach at least 67% of Scope 3 emissions.

The Group has started to monitor additional ESG data, including the metrics included under recommendation b. of the metrics and targets pillar. Performance across the metrics is monitored by the ESG Committee.

Appendix A. Scenario Analysis Sources

The following sources were used to aid our scenario analysis:

Scenario element	Sources	Extra information
Site locations	Locations covered both current sites and future sites across the Group.	No extra information.
Physical risk scenarios	Climate Impact Explorer was used as the basis for 2030 and 2050 scenario analysis, comprising of RCP 2.6 and RCP 6.0 scenarios. The Climate Impact Explorer provides projections for future climate impacts at different warming levels and for several policy-relevant greenhouse gas emission scenarios. The Climate Impact Explorer was developed by Climate Analytics, together with Flavio Gortana, the Potsdam Institute for Climate Impact Research and ETH Zürich. Its development was supported by ClimateWorks Foundation and Bloomberg Philanthropies in the context of a collaboration with the Network for Greening the Financial System, as well as the German Ministry for Education and Research.	The physical risks reviewed include overheating homes, floods, drought stress, precipitation, windstorms in the UK, heat stress and wildfire.
Transition risk scenarios	Data Explorer: IPCC scenarios was used as the source for carbon price scenarios, comprising the Shared Socioeconomic Pathways scenarios. The Shared Socioeconomic Pathways are a set of scenarios which are central to the work of the UN climate reports produced by the Intergovernmental Panel on Climate Change (IPCC). The data presented on Data Explorer: IPCC scenarios was based on the work of Keywan Riahi et al. (2017), which brings together the results of independent researchers that have mapped out a range of socioeconomic scenarios for how the world could change in the coming decades. Reference: Riahi, K., Van Vuuren, D. P., Kriegler, E., Edmonds, J., O'neill, B. C., Fujimori, S., … & Tavoni, M. (2017). The shared socioeconomic pathways and their energy, land use, and greenhouse gas emissions implications: an overview. Global environmental change, 42, 153-168.	The actual carbon price as reflected from UK and EU emission trading schemes can be referenced from the carbon price tracker by Ember. Under the SSP 1-2.6 – global carbon price is expected to be $11.72 (£10) per tonne in 2030 and $99.97 (£82) per tonne in 2050. Under the SSP 5-6.0, the expected carbon price is $11.72 (£10) per tonne in 2030 and $26.28 (£22) per tonne in 2050.

Sandy Adam
Executive Chairman
16 September 2024

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

Sandy Adam, Executive Chairman
(Sits on Nomination Committee)

Sandy is the grandson of the founder of Springfield and has worked for the Company since the 1980s. Sandy led the Company during its change from a market garden business into a housebuilder in 1988. Sandy has been Chairman of the Company since 2004 and has been the driver behind many key commercial decisions including the focus on affordable housing, the geographic expansion out of Moray in 2010, the acquisition of Redrow's Scottish assets/operations in 2011, the listing of Springfield on AIM in 2017 and the acquisition of Dawn Homes in 2018, Walker Group in 2019, Tulloch Homes in 2021 and Mactaggart & Mickel's Scottish housebuilding business in 2022. Sandy has decades of experience in the Scottish housing and property markets, including his role as Chairman of Homes for Scotland between 2014 and 2015.

Innes Smith, Chief Executive Officer
(Chair of ESG Committee)

After graduating from Heriot Watt University in 1991, Innes qualified as a Chartered Accountant with KPMG before moving into industry as financial controller at SGL Technic, a subsidiary of RK Carbon Fibres (now called SGL Carbon Fibres Limited), a NASDAQ and Deutsche Börse listed Company. Subsequently Innes was promoted to Finance Director at SGL Technic and after five years moved to Gael Force. Innes joined Springfield in 2005 as Finance Director and was appointed Chief Executive Officer at Springfield in October 2012 after seven years with the Company. Innes was appointed to the Board of Homes for Scotland in 2016.

Iain Logan, Chief Financial Officer

Iain has 15 years professional experience working in a Plc environment. Iain qualified as a Chartered Accountant in 2002 with PricewaterhouseCoopers in Edinburgh. He then spent eight years with Murray International Holdings Limited gaining extensive corporate finance experience working on all aspects of acquisitions, disposals and fund raising within its investment company. He also held the Financial Controller role for its residential and property development company.

Iain then spent nine years as Group Financial Controller of Omega Diagnostics Plc where he had full responsibility for all financial reporting and management of finance teams in the UK, Germany and India.

Iain joined Springfield in 2020 as Group Financial Controller and was promoted to Finance Director in 2021 leading all aspects of financial operations and establishing strong relationships with external stakeholders. He played a key role in the acquisitions of Tulloch Homes in 2021 and the Scottish housebuilding division of Mactaggart & Mickel in 2022 and was appointed as CFO in 2023.

Matthew Benson, Non-Executive Director
(Chair of Audit Committee, sits on Remuneration, ESG and Nomination Committees)

Matthew graduated from Oxford University and began his career with Morgan Stanley, working in international finance in London. Matthew then established his own consultancy business focused on the structuring and planning of high quality residential and leisure projects. Matthew joined Rettie & Co as a Director in 2002 with responsibility for land and development, new homes and rural projects. He was appointed to the Springfield Board as a Non-Executive Director in 2011. Matthew has a number of other responsibilities including member of the Advisory Board of Kleinwort Hambros private bank, Trustee of Project Scotland and Director of Edinburgh Arts Festival. Matthew was also the founding Chair of bio-tech businesses EctoPharma Limited and Ryboquin Limited.

CORPORATE GOVERNANCE

BOARD OF DIRECTORS (CONTINUED)

Nick Cooper, Non-Executive Director
(Sits on Audit, Remuneration, ESG and Nomination Committees)

Nick is a qualified solicitor with over 20 years board experience with UK-listed and private companies. Nick has served as General Counsel of the Football Association since April 2024. Prior to that he was a member of the Group Leadership Team at Johnson Matthey Plc, firstly as Group General Counsel and Company Secretary and now Head of Global Business Services. From 2010 to 2015, he was Corporate Services Director at Cable & Wireless Communications Plc, which he joined from Cable & Wireless Plc, where from 2006 to 2010 he was General Counsel and Company Secretary. His previous in-house legal and corporate experience includes roles at Energis Communications Ltd, JD Wetherspoon Plc, The Sage Group Plc and Asda Group Plc. Nick joined Springfield as a Non-Executive Director in 2018.

Colin Rae, Non-Executive Director
(Sits on Audit, Remuneration, ESG and Nomination Committees)

Colin is a chartered Quantity Surveyor with significant experience in the construction and housebuilding industries. From 2002 to 2019, he held leadership positions at Places for People, one of the largest development, regeneration, property management and leisure companies in the UK. Most recently he was Group Executive Development Director responsible for a UK-wide mixed tenure development programme of c.£200 million. In addition to his role with Springfield, Colin acts as senior advisor for a number of property businesses active in the residential sector. Previous experience includes project management roles at the EDI group, and Woolwich Homes Ltd, as well as surveyor positions at Millar Brown Associates and Gibson & Simpson. Colin is a former director of Homes for Scotland, he is a member of the Royal Institution of Chartered Surveyors (MRICS) and holds a BSc in quantity surveying from Napier University. Colin was appointed to the Board in 2019 as a non-executive director and, among other positions, sits as a founding member of our Environmental, Social and Governance (ESG) committee.

CORPORATE GOVERNANCE

QCA CODE COMPLIANCE
FOR THE YEAR ENDED 31 MAY 2024

This report provides shareholders with an overview of the Group's corporate governance arrangements and their operation during the year and how we comply with the Quoted Companies Alliance's 2018 Corporate Governance Code for Small and Mid-Size Quoted Companies ("the QCA Code").

The QCA Code provides a robust framework for the Group to maintain high standards of corporate governance. It sets out ten principles. Each principle and the Group's actions are set out below. Sandy Adam, as Chairman, is responsible for ensuring the ten principles are followed across the Group.

A copy of this statement will be available on our website through its inclusion in this annual report.

1. Strategy and Business Model

The Group delivers homes across housing tenures in developments of different sizes and locations across Scotland. The Group's focus is on the delivery of private and affordable homes, and, under contract housing, we provide development services to third party private organisations which has included homes for PRS. We believe this combination is key to sustained long term growth and ability to weather economic uncertainty.

Our markets section within our Chairman's statement, on page 5, provides an overview of the market in relation to private, affordable and contract housing delivery, and our CEO statement details macro factors and our actions within the year for private (page 9), affordable (page 10) and contract housing (page 10).

2. Statement and Understanding Shareholder Needs and Expectations

Sandy Adam, as Chairman, is responsible for establishing and maintaining appropriate communication channels between Executive Directors and shareholders. Maintaining positive relationships with shareholders is important to the Board.

Shareholders communicate with the Board by email, telephone and in person meetings throughout the year including bi-annual investor presentations organised by our nominated advisor, Singer Capital Markets. In addition, we offer a webinar of both our interim and annual results which is open to all and promoted through the RNS. The Board believes the presentations provide it with vital information to understand the needs and expectations of Springfield's shareholders.

We maintain a corporate website (www.thespringfieldgroup.co.uk). It contains a range of information required by AIM Rule 26 including our annual and half year reports, trading statements and all regulatory announcements. We regularly distribute press releases to national and local press with news and updates on the Group's current projects which can also be found on the corporate website.

We have two expert analysts working with us – Equity Development and Progressive Equity - to help potential investors and existing shareholders understand our business, offer independent views on company performance and provide an outlook including projections looking forward. Analyst notes are published on our corporate website for reference.

Details of this year's AGM will be available to download from our corporate website. The Board recognises the AGM as an important opportunity for shareholders to vote on resolutions, to meet the Board and to ask questions.

3. Wider Stakeholder and Social Responsibilities

The Group operates across Scotland and recognises that it must maintain strong relationships with all stakeholders. These include employees; customers; suppliers; national & local government; and local communities. Springfield creates a climate where everyone can thrive. The Group had 636 employees as at 31 May 2024, seeks to promote from within, develops staff with training, supports work placements and apprenticeships and has an Equality, Diversity and Inclusion (EDI) policy in place which is regularly reviewed.

CORPORATE GOVERNANCE

QCA CODE COMPLIANCE (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2024

3. Wider Stakeholder and Social Responsibilities (continued)

Engaging with all employees across the Group is an integral part of the ethos within the business. The Chairman and CEO meet employees' departmental groups on a bi-annual basis. The meetings provide an opportunity for employees to hear of future plans, to raise any concerns and to ask questions. Each office also has regular Employee Representative meetings where questions can be raised, and issues discussed with minutes of the meetings published on our intranet for reference. The intranet which, along with useful information for staff from policy information to staff contact details, also shares news and updates from across the business keeping employees engaged on Group activities a daily basis.

Customers: Customer views are sought via In-house Research Limited who contact our customers around between four and six weeks after handover of their home and gather feedback. Each Managing Director actions any points required because of this feedback. Of those customers responding, 96% would recommend one of the Group's homes to friends or family. In addition, our Customer Feedback Group, with representatives from across the business, meets regularly to consider the qualitative feedback received through the surveys and considers what improvements could be made. The Group has completed its first full year as registered as a developer under the New Homes Quality Code.

National & Local Government: Our CEO is a Director of Homes for Scotland, the voice of the home building industry in Scotland, representing some 200 companies and organisations which together deliver 95% of new homes built for sale each year and a significant proportion of Affordable Housing. Through Homes for Scotland, we engage with the Scottish Government, local government and utility companies. Any direct contact with the Members of Scottish Parliament (MSPs) is governed by the Lobbying (Scotland) Act 2016 and we comply with all requirements of that legislation.

Communities: For individual projects, we work with local communities as part of the planning process. Any new development that has more than 50 homes or covers two hectares requires us to hold two community consultations. These events allow members of the local community to gather information on the proposed development, ask questions and provide their feedback on the proposals. We can then reflect any comments within our applications. To strengthen this engagement, Springfield has committed to also hosting an online session to increase accessibility to interested households unable to attend in person, for example those with caring responsibilities. In addition, building upon our existing engagement with schools, for each major planning application we will offer a local primary school a visit to feed into the curriculum and raise awareness of sponsorship opportunities that may be available.

Environment: Alongside this report, we annually publish an update to our ESG Strategy: Environment and People. A Committee of the Board for ESG meets regularly to monitor progress against the ESG Strategy with the CEO as Chairman.

4. Embedding Risk Management

Springfield operates processes to identify, measure, manage and monitor those risks which impact the Group's business. The focus of our risk management framework is to ensure we are managed in a sustainable and controlled way within our risk tolerance. Material risks and control matters are reported to the Board via regular reports from the Group's senior executive team who in turn meet on a regular basis with risk and control issues being discussed at those meetings. Given the environment in which it operates, the Board has a strong focus and attention on Health and Safety issues. It receives a personal report from the CEO on health and safety matters at each meeting and meets regularly with the Group Safety Health Environment & Quality (SHEQ) Director so matters can be discussed directly.

The Board also maintains a system of internal controls to safeguard shareholders' investment and assets. The Board is responsible for reviewing its effectiveness on an ongoing basis. Annual budgets are prepared, and detailed management reports are presented to the Board and used to monitor financial performance and compliance with the Group's policies and procedures. All controls are covered including financial and operational controls to manage risk. Board meetings are also used to consider the Group's major risks. All potential areas of financial risk are regularly monitored and reviewed by Directors and management and preventative or corrective measures are taken as necessary.

CORPORATE GOVERNANCE

QCA CODE COMPLIANCE (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2024

4. Embedding Risk Management (continued)

As outlined in our Company Overview and Risk section on page 14, we are accredited in ISO 9001 and 14001 and aim to secure ISO 45001 within the 2024/25 financial year to support our continued work towards an accredited Integrated Management System (IMS).

5. Maintaining a Well-Functioning Board

The skills and experience of the Board are set out in their biographical details on pages 37-38**.** All Directors receive regular and timely information on the Group's operational and financial performance. Relevant information is circulated to the Directors in advance of meetings. The Board meets at least bi-monthly. The non-executive directors time commitment is approximately 20 days a year to attend to Board matters.
The Board consider Colin Rae and Nick Cooper to be independent Directors for the purpose of the QCA Code. From 1 September 2024, Matthew Benson will have completed 13 years' service as a Director. Having considered Matthew's independence in the context of the QCA Code, the Board is satisfied that Mr Matthew Benson will remain independent notwithstanding his length of service.

Andrew Todd, as Company Secretary, attends all Board meetings. Andrew is a solicitor qualified in Scotland and ensures Board and committee meetings are conducted in accordance with all relevant legal and regulatory requirements. Andrew also attends all audit and nomination committee meetings. Erin Grant, a solicitor qualified in Scotland, attends all ESG and remuneration committee meetings.

One third of the Directors retire annually in rotation in accordance with Springfield's articles of association. This enables the shareholders to decide on the election of the Board.

During the period, Roger Eddie retired as a Non-Executive Director.

6. Director Skills and Capabilities

As mentioned under principle 5, all Directors and their professional experience, are set out on pages 37-38. The skills, experience and knowledge of each Director gives them the ability to constructively challenge strategy and decision making and scrutinise performance. All Directors are offered appropriate coaching and training to develop their knowledge and ensure they remain up to date in relevant matters for which they have responsibility as a member of the Board. During this year, the Directors received refresher training in Director's duties from Pinsent Masons.

All members of the Board bring relevant sector experience through their extensive and varied careers throughout the housing, financial, consulting, and legal sectors. The Board believes that its members possess the required qualities and skills necessary to effectively oversee and execute the Group's strategy**.**

7. Evaluation of Board Performance

The Board understand the importance of Board performance evaluation. The formal review process that was due to be undertaken in the financial year 2023/24 was delayed given the challenging market conditions experienced across the industry in the last 12 months. Assuming more normalised market conditions return this year, the review will be carried out and led by the Chairman and the Group's HR Director.

8. Corporate Culture

The Board believes that everyone has the right to a decent home. There is a pressing need for good quality housing in Scotland which is evidenced by the Housing Emergency declared by the Scottish Government in the period. Where this need is not met, Springfield aims to provide high quality homes for people who need them across all tenures: homes for private sale, affordable homes for councils or housing associations and homes for the PRS.

Dedication to customers is at the heart of the Springfield culture. Customer satisfaction statistics are an integral part of how we manage our business and incentivise our key people and the satisfaction statistics for each brand are shared at every Board meeting.

CORPORATE GOVERNANCE

QCA CODE COMPLIANCE (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2024

9. Maintaining Good Governance

The Board recognises the importance of applying sound governance principles in the successful running of the Group. The Chairman and the Board takes responsibility for ensuring the Group maintains appropriate corporate governance practices. In addition, the Chairman and CEO take responsibility for obtaining feedback from key stakeholders.

Springfield operates processes to identify, measure, manage and monitor risks which impact the Group's business within acceptable limits identified by the Board. Further details on our approach to risk are set out in response to principle 4 above.

The Board is supported by the Audit, Remuneration, Nomination and ESG committees.

The Audit Committee is responsible for determining and reviewing matters relating to the financial affairs of the Group. The Audit Committee examines reports received from management and the Group's auditor in relation to the financial statements, as well as the internal control systems utilised throughout the Group.

The Remuneration Committee reviews and sets the terms and conditions of the Directors' appointment, along with their remuneration and benefits package and makes recommendations to the Board in relation to the allocation of share options to employees under our Share Plans. The Remuneration Committee meets at least three times a year.

The Nomination Committee's role is to consider the selection and re-appointment of Directors, and make recommendations for the nominations of candidates to fill vacancies on the Board. The Nomination Committee also regularly reviews the structure, size and composition of the Board, providing recommendations for change where appropriate.

The Environmental, Social and Governance (ESG) Committee oversees the implementation of the Group's overall ESG strategy. The Committee also monitors current and emerging issues which may impact the business, performance or image of the Company. Additionally, the Committee studies investor feedback and oversees the Company's reporting and disclosure with regard to ESG matters. The Committee makes recommendations to the Board concerning any policies, practices or disclosures which need adjusted in order to improve the performance with regard to ESG matters and adapt to an ever-evolving market.

Further information on the Audit and Remuneration Committees can be found in the Audit and Remuneration Committees' reports on pages 45-55.

10. Communicating Governance and Performance

The Group recognises the importance of maintaining a good relationship with shareholders and stakeholders, communicating to them through the Annual and Half-Year Reports, the Annual General Meeting (AGM), bi-annual presentations and other trading updates. These updates, along with wider business news, are shared on the Springfield Group website.

Results from the AGM are announced to the market and displayed on the Group's website after the meeting.

Andrew Todd
Company Secretary
16 September 2024

CORPORATE GOVERNANCE

SECTION 172 STATEMENT
FOR THE YEAR ENDED 31 MAY 2024

The Companies (Miscellaneous Reporting) Regulations 2018 (2018 MRR) require Directors to explain how they considered key stakeholders' interests, and the broader matters set out in Section 172(1) (a) to (f) of the Companies Act 2006 (S172) when performing their duty. In particular, the Directors' consider stakeholders' interests which may affect the long-term success of the company.

This S172 statement explains how the Directors:

- engaged with employees, suppliers, customers and others; and
- considered how principal decisions were taken during the financial year to reflect employee interests; the need to foster business relationships with suppliers; and the effect on customers and others.

The S172 statement focuses on matters of strategic importance to the Group, and the level of information disclosed is consistent with the size and the complexity of the Group's businesses. Further information about the Directors' engagement with key stakeholders is set out on pages 39 to 40.

S172 Statement by the Springfield's Directors

After due and careful consideration of the requirements set out in S172, and having regard to long-term consequences and the interests of stakeholders in relation to Board decision-making, the Directors, during the financial year ended 31 May 2024, have acted in a way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole.

General confirmation of Directors' duties

Springfield's Board of Directors has a clear framework for determining the matters within its remit and has approved reference terms for matters delegated to its committees. Certain financial and strategic thresholds have been set, to identify matters requiring Board consideration and approval. The reference terms, thresholds and decision-making processes are reviewed and approved annually by the main Board.

All Directors upon joining Springfield are provided with guidance covering regulatory requirements of their role, including, but not limited to, S172. Further training is undertaken annually. The Directors received refresher training on directors' duties from Pinsent Masons in October 2023.

Board decision-making is predicated on the appropriateness of information provided to Directors, which is subject to review as part of the wider Board evaluation process. In particular, the Company Secretary ensures that Board materials are assessed as to their suitability in relation to assisting and facilitating Directors' decision-making in accordance with S172. In addition, the Company Secretary prepares an annual reference bible for all reference terms, financial decision making processes, risk management and decision making processes and this is reviewed and debated by the Board to ensure all decision making authority is correctly allocated, checked and managed.

When making decisions, each Director ensures that he acts in the way he considers, in good faith, would most likely promote the Group's success for the benefit of its members, and in doing so has regard (among other matters) to the issues set out below.

S172(1) (a) "The likely consequences of any decision in the long term"

The Directors understand the business and both the evolving and challenging environment in which it operates, including the challenges of dealing with energy transition (e.g. the transition away from the use of gas in private homes for sale) and providing energy efficient homes as detailed in Climate Related Financial Disclosure section. In particular, this year, the Directors' focus was on a debt reduction strategy through reducing overheads and raising cash through the profitable sale of assets from the Group's landbank. In taking this decision, the Directors considered the impact of this decision on the Group's short-term operations and the Group's long term aspirations. The Directors considered the impact of its decision on investors and agreed that such a strategy would have long term benefits as the assets chosen for sale did not affect immediate operational sites and forecasts.

CORPORATE GOVERNANCE

SECTION 172 STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2024

S172(1) (b) "The interests of the Company's employees"

The Directors recognise that the Group's employees are fundamental and core to the Group's business model and the safe delivery of its strategic ambitions. The success of our business depends on attracting, retaining, developing and motivating talented employees. The Directors consider and assess the implications of relevant decisions on employees and the wider workforce. The Directors seek to ensure that all Group companies remain a responsible employer, including with respect to pay and benefits, fairness (including gender pay gap reporting, diversity, health and safety issues, and the workplace environment. The Directors regularly engage with employees and the wider workforce (a summary of engagements is provided on pages 39-40). This year Springfield's Chairman and the Chief Executive met with employees from offices and departments. They held 16 meetings in Glasgow, Larbert, Elgin and Inverness. This series of meetings offered the opportunity to discuss the Group's strategy directly with employees and to gain valuable feedback.

S172(1) (c) "The need to foster the Company's business relationships with suppliers, customers and others"

Delivering the Group's strategy requires strong mutually beneficial relationships with customers, contractors, suppliers, the Scottish Government, local authorities, and other partners for social housing. The CEO provides a comprehensive update to the Board on material business and external developments at each board meeting. These include: i) a report on safety performance; ii) significant operational updates; and iii) political or regulatory developments. The Board also receives bi-monthly operational reports from each of the Group Directors, including reports on health & Safety, environment, commercial purchasing, HR, corporate communications, architectural, engineering and legal. Springfield's Chief Executive is a Director of Homes for Scotland, which represent over 200 housebuilders and organisations involved in the housebuilding industry in Scotland. This appointment provides invaluable opportunities for publicly available market intelligence on the housing market and the challenge to build more homes in Scotland.

S172(1) (d) "The impact of the Company's operations on the community and the environment"

The CEO provides a comprehensive update to the Board on the Group's engagement with community and other groups at each Board meeting. Further information on engagement with stakeholders can be found on pages 39 to 40. This year, the Board, as part of its debt reduction strategy, agreed the significant sale of land at Durieshill to Barratt Developments Plc. This sale represented an opportunity to deliver on the Group's commitment to start development of the Durieshill village, a new community near Stirling of 3,000 homes. As one of the largest housebuilding projects in Scotland, the Directors were keen to ensure that the project would be an exemplar project for community engagement and for environmental standards, particularly in light of the Scottish Government's push to transition away from gas as a heating supply. The Directors, in consultation with its legal and land teams, agreed a strategy which priorities working with Stirling Council to develop the site with Barratt Developments Plc and to work with Barratt Developments Plc to deliver infrastructure in a way which supports the Group's environmental aims.

S172(1) (e) "The desirability of the Company maintaining a reputation for high standards of business conduct"

The Board follows the QCA code of conduct and periodically reviews and approves clear frameworks, such as its Modern Slavery Statement and Tax Statement, to ensure that high standards are maintained.

S172(1) (f) "The need to act fairly as between members of the Company"

After weighing up all relevant factors, the Directors consider which course of action best enables delivery of our strategy in the long-term interests of the Company, taking into consideration the effect on stakeholders. In doing so, the Directors act fairly as between the Company's members.

Andrew Todd
Company Secretary
16 September 2024

CORPORATE GOVERNANCE

AUDIT COMMITTEE REPORT
FOR THE YEAR ENDED 31 MAY 2024

Statement from the Chairman of the Audit Committee

On behalf of the Board, I am pleased to present the Audit Committee Report for the year to 31 May 2024. This report provides shareholders with an overview of the activities carried out by the Committee during the year. The Committee ensures the financial performance of the Group is properly measured and reported.

Committee Members

The Committee is comprised solely of independent Non-Executive Directors, being myself as Chairman and the other Non-Executive Directors: Nick Cooper and Colin Rae. The Board is satisfied that I have worked within the financial industry and have significant and relevant experience to chair the Committee.

Responsibilities

The responsibilities and activities of the Committee include determining and examining matters relating to the financial affairs of the Group including the terms of engagement of the Group's auditor and, in consultation with the auditor, the scope of the annual audit. It receives and reviews reports from management and the Group's auditor relating to the half yearly and annual financial statements and the accounting and internal control and risk management systems in use throughout the Group, reviewing the Group's overall risk appetite and strategy and monitors, on behalf of the Board, current risk exposures. The Committee monitors the integrity of the financial statements produced by the Group and makes recommendations to the Board on accounting policies and their application. The Committee receives reports from compliance functions within the Group and is responsible for reviewing and approving how the Group seeks to comply with its regulatory obligations. The Committee also ensures that the arrangements for employees and contractors to raise concerns confidentially about possible wrongdoing in financial reporting (or other matters) are proportionate and allow for independent investigation. The duties of the Committee are set out in its terms of reference. These are regularly reviewed to ensure they remain applicable and up-to-date with legislation, regulation and best practice.

Meetings

In the year to 31 May 2024, the Committee met four times. The meetings cover the planning of the statutory audit and review of the Group's full year results prior to Board approval and to consider the external auditor's detailed reports. In the year to 31 May 2024 the Chief Financial Officer attended all Committee meetings.

Internal Audit

The Group does not currently have an internal audit function. In 2022 – 2023, as a result of appointing a new Chief Financial Officer, the Group paused the recruitment of a senior manager to lead this function until a full review of the finance team could be carried out. This review has been completed with a number of senior appointments made to the team to support the business. Following these changes, we have not recommenced the process. The Committee will review the requirements again this year.

Risk Management and internal controls

The Group has a range of internal controls, policies and procedures in place. There is a framework of risk management within the Group for risk management. The Committee works alongside the Board to review, and where necessary suggest changes to, the current systems in place.

The Committee had concluded at the last year end that the systems needed to be reviewed and strengthened to take account of the increased breadth and complexity of the business particularly in the context of two new acquisitions in a short period of time. As noted above, the Finance Team has made a number of senior appointments and the Committee is satisfied that given the reduced revenue and size of the business the current team and systems provide a strengthened level of control.

CORPORATE GOVERNANCE

AUDIT COMMITTEE REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2024

Anti-bribery

The Group has a zero tolerance anti-bribery and corruption policy in place. The policy is contained within employee handbooks and provides guidance on what constitutes bribery and corruption. Line managers are responsible for ensuring employees comply with this policy and maintain the Group's image and reputation.

The Board is ultimately responsible for ensuring this policy complies with the Group's legal and ethical obligations.

External Audit

The Committee monitors the relationship with the external auditor to ensure independence and objectivity at all times. The Committee also reports to the Board on the independence, objectivity and effectiveness of the external auditor. Alastair Rae is the signing partner for BDO LLP (BDO).

During the year the external audit service was subject to a competitive tender exercise, following which BDO were reappointed.

BDO have not carried out any non-audit work during the year. The Group policy is that, where possible, advisors should be appointed other than the external auditor to perform non-audit work.

External Audit process

BDO prepares an audit plan. This plan sets out the scope and timetable of the audit as well as the areas to be specifically targeted. The plan is provided to the Committee for approval in advance of the audit. On completion of the audit, the findings are presented to the Committee by the auditor for discussion. The matters discussed in relation to this year's audit are summarised below.

The Chief Financial Officer has regular contact and communication with the auditor during the year. This allows for any areas of concern or of significance to be raised with the auditor throughout the year.

The table below highlights the issues discussed at the audit close meeting.

CORPORATE GOVERNANCE

AUDIT COMMITTEE REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2024

Issue	How it was addressed by the Committee
Revenue recognition - Private Revenue from private housebuilding is recognised when the house is handed over although the timing may require management judgement in determining when ownership has transferred.	As in previous years with a large number of homes handed over in the final month of the financial year, the Committee reviewed the revenue recognised throughout the year and around the year end. The Committee satisfied itself that there is no issue with revenue recognition.
Revenue recognition - Affordable Revenue from affordable housebuilding is recognised over time depending on the stage of completion with cashflows received in excess of revenue recognised included as payments on account.	The Group policy is based on stage of completion being determined by the development cost incurred as a proportion of the total expected development cost as this is considered to be in line with the satisfaction of the underlying performance conditions. The committee has kept a close watch through monthly management accounts and updates from the relevant Managing Director.
Land sales The Group has generated significant revenues and profits from land sales in the year. Costs associated with land sales can be a judgemental area.	The Committee is satisfied that the land sales were contracted in the financial year and with the calculations of the costs associated with the land sales and resulting profit.
Profit recognition The Group enters into construction contracts the performance under which takes place over a period of time. There is a significant element of judgement involved in estimations of these construction contracts surrounding costs to complete and the overall expected profit margin.	The Committee monitors the cost value report process and the effectiveness of the internal controls exercised over these processes.
Valuation of inventories and work in progress The largest asset on the Group balance sheet is inventory which includes land and work in progress. The Group values inventory at the lower of cost and net realisable value which is dependent on judgement and estimates of total build and land costs and future selling prices. The allocation of inventory to cost of sales also involves estimates which impact on the timing and amount of profit margin recognised.	The Committee reviews the work in progress balances through monthly finance reports and the cost value report process and is satisfied that the carrying value of inventories and work in progress remains appropriate.
Going concern It is the Directors' responsibility to make an assessment of the Group's ability to continue as a going concern to support the basis of preparation for the financial statements.	The Committee is satisfied, based on reviewing the going concern paper written and financial modelling undertaken, alongside the extended bank facilities that the Group has adequate resources to continue in operation for the foreseeable future and will be able to operate within the bank facility limits which are in place.

Matthew Benson
Chairman of the Audit Committee
16 September 2024

CORPORATE GOVERNANCE

REMUNERATION COMMITTEE REPORT
FOR THE YEAR ENDED 31 MAY 2024

Introduction

This report outlines the Group's remuneration policy for its Directors and shows how that policy was applied during the financial year ended on 31 May 2024.

Springfield is not required to comply with Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and is under no obligation to prepare, or seek shareholder approval of, a directors' remuneration report. This section of the annual report has, therefore, been prepared on a voluntary basis and in order to fulfil the relevant requirements of Rule 19 of the AIM Rules for companies.

Committee Members and Meetings

In the period of twelve months to 31 May 2024, the Committee comprised:

- Nick Cooper (became Chair of the Committee on 31 October 2023);
- Matthew Benson;
- Colin Rae; and
- Roger Eddie (retired as a Non-Executive Director and Chair of the Committee on 31 October 2023).

The individuals who served on the Committee, each of whom is (or was prior to retirement) an independent Non-Executive Director, had no personal financial interest (other than as a shareholder) in the matters decided.

Under its terms of reference (which are summarised on the Group's website at (www.thespringfieldgroup.co.uk)), the Remuneration Committee is required to meet at least three times a year.

Committee Responsibilities

The main responsibilities of the Committee are:

- to set the overall remuneration policy for the Group's Executive Directors (and certain other senior employees); and
- within the terms of that policy, to determine the terms and conditions of employment of those individuals and the level of their remuneration (including short-term and long-term incentives).

The remuneration of the Non-Executive Directors is determined by the Board as a whole within limits set out in Springfield's articles of association. The Non-Executive Directors do not participate in performance related bonus or share based incentive arrangements.

Remuneration Policy for Executive Directors

The overarching aim of the Group's remuneration policy is to attract and retain the highest calibre individuals as Executive Directors and ensure they are appropriately and fairly rewarded for performance in a manner that is both as straightforward as possible and appropriate for Springfield's size and stage of development. During the financial year to 31 May 2024, the overall remuneration package for Executive Directors consisted of the following elements:

- Basic Salary;
- Annual Bonus;
- Pension Contributions;
- Long Term Incentive Plan;
- Participation in an "all employee" SAYE share option scheme; and
- Other standard benefits.

Further disclosures in relation to each of the above elements are provided below.

CORPORATE GOVERNANCE

REMUNERATION COMMITTEE REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2024

Basic Salaries

Increases effective from 1 June 2023
Each Executive Director receives a base salary, the level of which reflects the particular individual's experience and performance, the nature and complexity of their work and the market in which the Group operates.

The Committee undertakes a standard review of the Executive Directors' salaries on an annual basis, with the Committee's current policy being that any increases awarded to Executive Directors as part of this process should normally reflect those applied to the wider workforce. Any such increases typically take effect on 1 June each year.

With effect from 1 June 2023, the annual rates of base salaries for the Executive Directors who were in post at that time were set at:

- Sandy Adam - £157,526; and
- Innes Smith - £315,053.

The above increases represented an uplift of 3% from the annual rates of salaries that were paid to the Executive Directors at the end of the financial year to 31 May 2023. This reflected the average annual increase that was awarded to the broader workforce at that time.

Base salary for the new Chief Financial Officer
Iain Logan assumed the role of Interim CFO on 13 March 2023 and was appointed Chief Financial Officer on 12 July 2023; he subsequently became a Director of the Company on 26 July 2023.

On his appointment as Chief Financial Officer, Iain's base salary was fixed at an annual rate of £190,000. This was below the level paid to his predecessor, Michelle Motion, whose annual base pay was £230,749 at the point she ceased to be a Director on 10 March 2023.

Voluntary decreases effective from 1 October 2023
With effect from 1 October 2023, and in order to reflect the economic factors impacting the Company at that time, each of Sandy Adam, Innes Smith and Iain Logan voluntarily agreed to a salary reduction of 10%.

Following the above decreases, the annual rate of base salaries for the current Executive Directors were as follows:

- Sandy Adam - £141,774;
- Innes Smith - £283,547; and
- Iain Logan - £171,000.

Annual Bonus

Under the Group's annual bonus scheme for Executive Directors (other than Sandy Adam who does not participate in this arrangement), individuals have the opportunity to receive a cash award that is linked to the achievement of specified targets that are aligned to the Group's corporate plan for the period in question. For each year of the scheme's operation, the Committee specifies a maximum opportunity (as a percentage of salary) for each participant.

In recent years, the maximum bonus opportunities for the CEO and CFO have been set at 125% of salary and 100% of salary respectively, with the actual amount of bonus earned by each individual being determined by reference to measures linked to profit before tax, return on capital employed, gross margin and customer satisfaction performance.

CORPORATE GOVERNANCE

REMUNERATION COMMITTEE REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2024

Annual Bonus (continued)

However, given the circumstances that existed during the financial year to 31 May 2024, the Committee elected to operate a revised bonus structure for the period which was intended to:

- incentivise and reward the achievement of targets which were critical to the success of the business at a challenging phase of its development;
- be affordable; and
- ensure that it did not result in an inappropriate level of reduction to the Company's profit figure.

In light of the above, the Executive Directors' bonus structure for the financial year to 31 May 2024 was based on only two measures, namely debt reduction and profit before tax, and operated as follows:

- in the event that the Company's debt figure at the end of the period was greater than £55 million, no bonus would be paid;
- where debt was equal to or lower than £55 million, bonuses would be awarded to the Executive Directors by reference to the amount by which the Company's adjusted profit before tax for the financial year exceeded £10 million; and
- the maximum bonus opportunities for the CEO and CFO were reduced to 52% of salary and 42% of salary respectively.

Applying the above structure to the Company's financial outturn for the year resulted in Innes Smith and Iain Logan earning bonuses equal to 20.9% and 16.7% of their year-end salary respectively. The quantum of these bonuses was then subject to a further review by the Committee in order to assess whether they were fair and reasonable in the context of the Company's overall performance during the financial year. The conclusion reached was that the amounts to be paid to the CEO and CFO were appropriate in the circumstances.

It is envisaged that, for the financial year to 31 May 2025, the bonus arrangement for the Executive Directors will revert to a structure that is more consistent with earlier years; the maximum opportunities for the CEO and CFO will also return to the normal levels of 125% of salary and 100% of salary respectively.

Pensions

During the year, the Group made contributions to pension plans for the Executive Directors. These contributions were at a rate of 5% of basic salary in respect of Sandy Adam, and at the rate of 10% of basic salary in respect of both Innes Smith and Iain Logan. (For the avoidance of doubt, the rate of pension contribution payable to Innes Smith and Iain Logan is equal to the amount paid to the wider senior employee population.)

Long Term Incentive Plan

Introduction
As part of the process surrounding the Group's admission to AIM in October 2017, the following plans were adopted in order to allow share-based incentives to be provided to the Executive Directors and other senior managers:

- The Springfield Properties Plc Company Share Option Plan (the "CSOP"); and
- The Springfield Properties Plc Employee Share Option Plan (the "ESOP").

The CSOP and the ESOP are relatively straightforward arrangements under which options over the Company's shares can be granted to selected employees of the Group (including Executive Directors). These options normally vest after three years and, on exercise, require participants to pay a price equal to the market value of a share on the date they were originally granted. Following the introduction of the new performance share plan in 2020 (see below) no further options have been granted to Executive Directors under the CSOP or ESOP and there is no current intention to grant awards under either of those arrangements to Executive Directors in the future.

CORPORATE GOVERNANCE

REMUNERATION COMMITTEE REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2024

Long Term Incentive Plan (continued)

As explained in previous reports, the Springfield Properties Plc Performance Share Plan (the "PSP") was adopted by the Board on 9 January 2020 in order to replace the CSOP and ESOP. It allows for the grant of conditional rights to acquire shares (in the form of "nominal value" options) that will ordinarily vest on the third anniversary of grant, subject to continued employment (although "good leaver" provisions can apply) and only to the extent that specified performance measures are satisfied. Once vested, a PSP award will usually remain capable of being exercised until the 10th anniversary of grant. Standard "malus" and "clawback" provisions also apply.

Given the size of his existing shareholding in the Group, Sandy Adam does not currently participate in any of the above long-term incentive plans.

Vesting of awards held by Executive Directors during the year to 31 May 2024
On 31 May 2023, the three-year performance period applicable to the PSP award granted to Innes Smith on 30 October 2020 came to end. As soon as reasonably practicable thereafter, the Committee carried out its formal assessment of the extent to which the relevant conditions (which related to the Company's adjusted basic earnings per share ("EPS") and its net debt / EBITDA ratio) had been met.

The following table contains further information relating to the relevant performance conditions and sets out details of the outturn from the Committee's above noted assessment:

Measure [1]	**Weighting (as a % of total shares under award)**	**Vesting achieved as a result of performance against specific measures over the performance period (as a % of total shares under award)**
	Innes Smith	*Innes Smith*
EPS [2]	75%	15.60%
Net Debt / EBITDA [3]	25%	16.67%
	Aggregate vesting percentage = (a)	32.27%
	Total number of shares under award = (b)	202,000
	No. of shares over which award vested = (a) x (b)	65,178

Notes:
[1] For both the EPS and Net Debt / EBITDA measures, the Committee specified, for each of the financial years in the three-year performance period, a sliding scale of achievement (between threshold and maximum) which was used to determine the extent to which the relevant part of the award vested.

[2] In terms of the EPS measure, the maximum level of performance for the year ended 31 May 2021 (being 12.1p) was achieved and, for the year ended 31 May 2022, performance was between threshold level (14.8p) and maximum (15.7p). However, the threshold level for the year to 31 May 2023 (17.2p) was not met. As a result, 15.6% of the total number of shares under award vested in respect of the EPS element.

[3] In terms of the Net Debt / EBITDA measure, the maximum level of performance for both the years ended 31 May 2021 and 31 May 2022 (being ratios of 2.34 and 1.67 respectively) were achieved. However, the threshold level for the year to 31 May 2023 (being a ratio of 1.31) was not met. As a result, two thirds of the Net Debt / EBITDA element vested (being 16.67% of the total number of shares over which the award subsisted).

CORPORATE GOVERNANCE

REMUNERATION COMMITTEE REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2024

Long Term Incentive Plan (continued)

The 30 October 2020 award held by Innes Smith subsequently vested and became exercisable in respect of the above number of shares on 30 October 2023, being the third anniversary of its date of grant. For the avoidance of doubt, the part of his award that did not vest on this date immediately lapsed.

Exercises by Executive Directors during the year to 31 May 2024
On 21 July 2023, Innes Smith exercised the balance of his January 2020 PSP option over 10,648 shares. The exercise price payable under this option was 0.125p per share and the closing share price on the date of exercise was 70.0p. Innes Smith elected to retain all the shares acquired as a result of his exercise.

The above award was granted with the benefit of "dividend equivalent" rights (being an entitlement to receive additional sums on its exercise equal to the amount of dividends declared on the acquired shares during the period commencing on the date of grant and ending on the vesting date). This resulted in a further cash payment of £1,485 being paid to Innes Smith on his award exercise. Details of this amount are included in the remuneration table on page 53.

Grants made to Executive Directors during the year to 31 May 2024
In last year's Remuneration Committee report, it was explained that the Committee was reviewing its previously stated practice of granting PSP awards to Executive Directors once every three years, with the first such grant occurring on 22 December 2021.

The conclusion reached by the Committee was that, for a variety of reasons (including the recent changes to the Company's senior management team), it would revert to a more standard approach of making annual grants to the senior management team, including the Executive Directors.

Given the above change of approach, PSP grants were made to Innes Smith and Iain Logan on 30 October 2023, details of which are included in the table set out on page 54. The performance conditions applicable to these awards will be assessed following the expiry of the financial year to 31 May 2026 and will require the achievement of stretching targets relating to earnings per share (75% weighting) and the Company's net debt / total assets gearing (25% weighting). The precise terms of these targets are commercially sensitive but full details will be disclosed following their final assessment by the Committee at the expiry of the applicable performance period.

Save As You Earn ("SAYE")

At the same time as establishing the CSOP and ESOP, the Group also adopted the Springfield Properties Plc SAYE Option Scheme (the "SAYE Scheme"). Under this tax advantaged arrangement, all employees (including Executive Directors) can be invited to apply for the grant of options over the Company's shares that are linked to a three-year savings contract. The price per share payable on the exercise of these options is set by the Board at the date invitations are issued, but cannot be less than 80% of the market value of a share on that date.

During September 2023 (and as disclosed in the table set out on page 54), the SAYE Scheme options granted to Innes Smith and Iain Logan on 29 April 2021 lapsed following their decision to cease paying monthly contributions to the linked savings contract.

No further options were granted under the SAYE Scheme during the year.

CORPORATE GOVERNANCE

REMUNERATION COMMITTEE REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2024
Remuneration in the year

During the year to 31 May 2024, the Directors received the following remuneration:

	Basic salary/fees[1]	Annual bonus[2]	Taxable benefits[3]	Pension contributions	Option gains[4]	Other payments[5]	2024 Total	2023 Total
	£000	£000	£000	£000	£000	£000	£000	£000
Executive Directors								
Sandy Adam	147	-	9	7	-	-	163	168
Innes Smith	294	59	3	29	7	1	393	346
Iain Logan[6]	175	29	2	17	-	-	223	N/A
Non-Executive Directors[7]								
Matthew Benson	42	-	-	-	-	-	42	44
Nick Cooper	42	-	-	-	-	-	42	44
Colin Rae	42	-	-	-	-	-	42	44
Former Director[8]								
Roger Eddie	19	-	-	-	-	-	19	44
	761	88	14	53	7	1	924	690

Notes:
[1]Additional information relating to the salaries paid to the Executive Directors during the financial year to 31 May 2024 is set out on page 49.

[2] Further details of the Company's annual bonus scheme for the financial year to 31 May 2024 are set out on pages 49 to 50.

[3] The taxable benefits figure in the above table for each of the Executive Directors relates to a range of benefits provided by the Group including a car allowance, life & health assurance and gym allowance.

[4] For Innes Smith, the gains made on the exercise of options have been calculated by deducting the applicable exercise price payable by the individual from the market value of a share on the date of exercise and then multiplying that amount by the number of shares acquired. Further information in relation to the exercises that occurred during the financial year to 31 May 2024 are set out on page 52.

[5] The other payments made to Innes Smith during the financial year to 31 May 2024 relate to the "dividend equivalent" amount he received in connection with the exercise of his PSP award on 21 July 2023. Further details in relation to this payment are set out on page 52.

[6] Although Iain Logan only became a Director on 26 July 2023, the above table includes details of all remuneration received by him from the Company during the financial year.

[7] The annual fee payable to a Non-Executive Director for the year to 31 May 2024 was originally set by the Board at £45,323. However, in order to ensure consistency with the position of the Executive Directors, each of the Non-Executive Directors voluntarily agreed to a fee reduction 10% with effect from 1 October 2023. Following the application of this reduction, the annual fee rate for Non-Executive Directors was £40,791.

[8] Roger Eddie stepped down from his role as Non-Executive Director on 31 October 2023. His fees in the above table reflect the period from the start of the financial year to the date of departure.

Further details relating to the share options held by the Directors during the financial year to 31 May 2024 are set out below.

CORPORATE GOVERNANCE

REMUNERATION COMMITTEE REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2024

Share Options and PSP awards

Details of options over the Company's shares that have been granted to current Executive Directors under the CSOP, ESOP, SAYE Scheme and PSP and which were outstanding during the year to 31 May 2024 are as follows:

Director	Scheme	No. of shares under option at 1 June 2023	Exercised[3]	Granted	Lapsed[4]	No. of shares under option at 31 May 2024	Exercise price	Date of Grant	Date from which normally exercisable	Expiry date
Innes Smith	CSOP	28,301	-	-	-	28,301	106p	16/10/2017	16/10/2020	16/10/2027
	ESOP	208,019	-	-	-	208,019	106p	16/10/2017	16/10/2020	16/10/2027
	ESOP	257,142	-	-	-	257,142	122.5p	01/10/2018	01/10/2021	01/10/2028
	PSP	10,648	(10,648)	-	-	-	0.125p	09/01/2020	09/01/2023	N/A
	PSP	202,000	-	-	(136,822)	65,178	0.125p	30/10/2020	30/10/2023	30/10/2030
	SAYE	13,793	-	-	(13,793)	-	130.05p	29/04/2021	01/06/2024	N/A
	PSP	401,408	-	-	-	401,408	0.125p	22/12/2021	22/12/2024	22/12/2031
	PSP	-	-	427,995	-	427,995	0.125p	30/10/2023	30/10/2026	30/10/2033
		1,121,311	(10,648)	427,995	(136,822)	1,401,836				
Iain Logan	SAYE	13,793	-	-	(13,793)	-	130.05p	29/04/2021	01/06/2024	N/A
	PSP	-	-	225,849	-	225,849	0.125p	30/10/2023	30/10/2026	30/10/2033
		13,793	-	225,849	-	225,849				

REMUNERATION COMMITTEE REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2024

Notes:

[1] Details of the performance conditions that were assessed by the Remuneration Committee in connection with the vesting of the options granted under the PSP on 30 October 2020 are provided on page 51. For other PSP options outstanding during the year, high level details of the applicable performance conditions are set out in the Remuneration Committee's report for the year in which such awards were granted. Options granted under the CSOP, ESOP and SAYE Scheme are not subject to performance conditions.

[2] Awards granted under the PSP carry "dividend equivalent" rights that entitle the holder to receive the benefit of any dividends declared on vested shares during the period from the date of grant to the date of vesting.

[3] Further information in relation to the exercise of PSP options by Innes Smith during the financial year to 31 May 2024 are set out on page 52 above.

[4] Further information in relation to the lapse of PSP and SAYE Scheme options that occurred during the financial year to 31 May 2024 are set out on page 52 above.

Directors' interests in the Company's shares

Directors' interests in the Company's shares are disclosed in the Directors' Report (page 58).

Compensation to Directors for loss of office

As previously announced, Michelle Motion stepped down from her role as the Company's Chief Financial Officer on 10 March 2023 and ceased to be a Director on that same date. Thereafter, Michelle continued as an employee of the Company until 10 September 2023, being the date on which her contractual six months' notice period expired. During this notice period, she was placed on garden leave but continued to receive salary and benefits (including pension contributions) in the normal way. On cessation of her employment, and as disclosed in last year's Remuneration Committee report, Michelle was paid a sum of £20,000 in settlement of any claims arising in connection with the termination of her employment.

On the basis that Michelle was not a Director of the Company at any time during the financial year to 31 May 2024, she has not been included in any of the tables set out on pages 53 and 54.

Nick Cooper
Chairman of the Remuneration Committee
16 September 2024

CORPORATE GOVERNANCE

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MAY 2024

The Directors present their annual report and the audited financial statements of the Group for the year ended 31 May 2024.

Principal Activity and Business Review

This information is included within the Strategic Report above, under the Amendment to the Companies Act 2006 of s.414C(2a).

Directors

The Board comprised the following Directors who served throughout the year and up to the date of this report:

Name	Position
Sandy Adam	Executive Chairman
Innes Smith	Chief Executive Officer
Iain Logan	Chief Financial Officer (appointed 26 July 2023)
Roger Eddie	Non-Executive Director (retired 31 October 2023)
Matthew Benson	Non-Executive Director
Nick Cooper	Non-Executive Director
Colin Rae	Non-Executive Director

Results and Dividends

The results for the year are set out on page 72.

No interim dividend was declared during the year. The Board is proposing a final dividend of 1p per ordinary share (2023: no dividend paid).

Employee Consultation

The Group's policy is to consult and discuss with employees' representatives matters likely to affect their interests.

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on various factors affecting the performance of the Group.

Equality, Diversity and Inclusion

The Group is committed to valuing and promoting diversity in all areas of recruitment, employment, training, and promotion. We recognise our legal obligations under the Equality Act 2010 and work towards an environment where all employees can develop their potential, regardless of: Age, Race, Disability, Religion, Gender reassignment, Sex, Marriage and civil partnership, Sexual orientation, Pregnancy and maternity. Nobody should receive less favourable treatment or be disadvantaged on any of the above grounds.

Going Concern

In determining the appropriate basis of preparation of the Financial Statements, the Directors are required to consider whether the Group can continue to meet its liabilities and other obligations for the foreseeable future.

The Group's business activities, together with factors that the Directors consider are likely to affect its development, financial performance and financial position, are set out in the Strategic Report on pages 4 to 36.

CORPORATE GOVERNANCE

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2024

Going concern (continued)

The material financial and operational risks and uncertainties that may affect the Group's performance and their mitigation are outlined on pages 14 to 16, and financial risks including liquidity, market, interest and capital risks are outlined in Note 29 to the Financial Statements.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and are satisfied that the Group will generate sufficient cash to meet its liabilities as and when they fall due for a period of 12 months from signing these financial statements. The Directors therefore consider it appropriate to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in Note 2.4 of the consolidated financial statements.

Disclosure of Information to the Auditor

In the case of each of the persons who are Directors of the Company at the date when this report is approved:

- so far as each Director is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- each of the Directors has taken all steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

This information is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Board of Directors

The Group supports the concept of an effective Board of Directors leading and controlling the Group. The Board of Directors is responsible for approving Group policy and strategy. It meets regularly and has a schedule of matters specifically reserved to it for decision. All Directors have access to advice from independent professionals at the Group's expense. Training is available for all Directors as necessary. Biographical details are set out on pages 37 to 38.

Internal Control

The Directors acknowledge that they are responsible for the Group's system of internal control and for reviewing the effectiveness of these systems. The risk management process and systems of internal control are designed to manage rather than eliminate the risk of the Group failing to achieve its strategic objectives. It should be recognised that such systems can only provide reasonable and not absolute assurance against material misstatement or loss. The Group has well established procedures which are considered adequate given the size of the business.

The Group maintains directors' and officers' liability insurance cover for its directors and officers. The Group has made available qualifying third party indemnity provisions (as defined in the Companies Act 2006) for the benefit of its directors during the year.

Auditor

The Board as a whole considers the appointment of the external auditor and their independence, specifically including the nature and scope of non-audit services provided.

CORPORATE GOVERNANCE

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2024

Remuneration

The remuneration of the Executive Directors has been fixed by the Remuneration Committee as a whole. The Board seeks to provide appropriate reward for the skill and time commitment required so as to retain the right calibre of Director at a cost to the Group which reflects current market rates.

Details of Directors' fees and of payments made for professional services rendered are set out in the Remuneration Report on page 49.

Directors' Interests in Shares

Name of Director	Number of ordinary shares	% of ordinary share capital and voting rights
Sandy Adam		
- Direct	22,422,584	18.9%
- Indirect	14,999,236	12.6%
Innes Smith		
- Direct	845,345	0.7%
- Indirect	151,029	0.1%
Nick Cooper		
- Indirect	14,895	0.0%
Matthew Benson	40,802	0.0%
Iain Logan	30,000	0.0%
Colin Rae	20,000	0.0%
	38,523,891	**32.5%**

Financial Risk Management Objectives and Policies

Details of the Group's financial risk management objectives and policies are set out in Note 29 to these consolidated financial statements.

Strategic Report

The Group has chosen in accordance with the Companies Act 2006, s.414C(11) to set out in the Group's Strategic Report information required by Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the Directors' Report. This includes information on future developments of the Group.

CORPORATE GOVERNANCE

STREAMLINED ENERGY AND CARBON REPORTING FOR THE YEAR ENDED 31 MAY 2024

As of 31 May 2024, the Group's energy usage and associated greenhouse gas emissions for the financial year 1 June 2023 to 31 May 2024, as compared to the previous financial year, were as follows:

Scope	Activity type	2024 energy use kWh	2024 tCO2e	2023 energy use kWh	2023 tCO2e
Scope 1	Stationary combustion	703,036	128.61	616,628	118.70
	Mobile combustion	7,467,974	1,840.96	11,715,929	2,816.02
Total Scope 1		**8,171,010**	**1,969.57**	**12,332,557**	**2,934.72**
Scope 2	Purchased electricity – location based	2,033,347	421.05	3,881,343	750.57
Total Scope 1 and 2		**10,204,357**	**2,390.62**	**16,213,900**	**3,685.29**
Scope 3	Business travel (grey fleet)	984,250	240.64	1,344,709	333.77
Total for SECR		**11,188,607**	**2,631.26**	**17,558,609**	**4,019.06**
Number of completions			878		1,301
Intensity ratio (GHG emissions per homes sold)			3.00		3.09

Energy use and greenhouse gas emissions

The overall energy use has decreased by roughly 36% with approximately 34% decrease in carbon emissions. This is primarily due to a reduction in operations within the group. For instance, number of homes completed decreased from 1,301 to 878 across the same period (-33%). The intensity ratio is consistent with previous years with a slight decrease of 2%. The basis of carbon intensity ratios is disclosed below, with comparisons to previous financial year.

Homes sold	Total	Private	Affordable	Contracting
FY 2024	878	584	270	24
FY 2023	1,301	866	328	107

CORPORATE GOVERNANCE

STREAMLINED ENERGY AND CARBON REPORTING (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2024

Energy efficiency

Increasing the use of renewable energy in our property is an important step in our pathway towards net zero. As the Springfield Group has grown over the years through the acquisition of other housebuilding companies, a key first step in this pursuit has involved working with a specialist consultant to bring all areas of our business together under one utility contract to enable better monitoring. In our factories, offices and sites, we have conducted energy assessments to identify opportunities to reduce energy use. In addition,

36% of our energy currently comes from renewable sources and in the years ahead, plans will be put in place to increase that proportion towards the 50% commitment by 2026. Our energy consultant is supporting us with these projects. In the past year, we have also installed additional electric vehicle chargers at our construction sites to encourage uptake of electric company cars to reduce our scope 1 transport-related emissions.

Methodology

Our SECR energy use and greenhouse gas emissions data for FY 2024 has been produced internally with information provided by the Group and reviewed by an external consultancy with expertise in this area. The additional Scope 3 data provided for Climate related disclosure was produced externally by the same consultancy using data provided by the Group.

Data was collated from across the Group and from our suppliers to identify the amount of energy used in our operations. The Group used the most robust and accurate data source available for each component of its energy use and carbon emission calculations. Assumptions and estimations were only used when strictly necessary by means of the most robust data and assumptions available.

Where actual energy consumption data was unavailable, average energy consumption was used as a proxy for estimation. We do not consider refrigerant losses on our air conditioning units to be material and as such these are not reported in our emissions data.

For vehicle emissions, the Group analysed fuel card usage, mileage information, expense claims and fuel invoices and applied the relevant conversion factors published by the UK Government for 2023.

For emissions from fuel used on sites, the quantity of diesel based on litres delivered to site within the financial period was used as the activity level data. We do not consider train travel to be material and as such this is not reported in our emissions data.

Greenhouse gas (GHG) emissions were calculated in line with GHG Reporting Protocol – Corporate standard and reported in line with the UK Government’s Guidance on Streamlined Energy and Carbon Reporting and mandatory GHG reporting guidance. Emission factors from Department for Energy Security and Net Zero, and Department for Business, Energy, and Industrial Strategy (2023). Conversion factors were taken from the UK Government’s conversion factors.

The boundary has been set based upon operational control approach on our business activities and property portfolio. There is 100% alignment with our financial reporting. 100% of our energy consumption and carbon emissions are UK based.

CORPORATE GOVERNANCE

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 MAY 2024

Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group and company financial statements in accordance with UK adopted international accounting standards. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and them apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK adopted international accounting standards subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

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 requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Sandy Adam
Executive Chairman
16 September 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPRINGFIELD PROPERTIES PLC FOR THE YEAR ENDED 31 MAY 2024

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 May 2024 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Springfield Properties Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 May 2024 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated and company statements of changes in equity, the consolidated and company statements of cash flow and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPRINGFIELD PROPERTIES PLC (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2024

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- understanding the processes relating to the assessment of the appropriateness of the going concern assumptions for both the Group and Parent Company;
- analysing the current and forecast performance of the Group, which incorporates the Parent Company, including working capital requirements, by assessing Directors' assumptions against market data and post year end performance;
- re-performing the Directors' sensitivity testing and reverse stress testing on Directors' forecasts over the going concern period and assessing the likelihood of the scenario occurring and mitigating actions available to the Board;
- assessing the financing options that are available, including the utilisation, headroom and expiration date of the revolving credit facility detailed in note 21;
- recalculating the existing loan covenants in order to assess compliance over the going concern period;
- using various external data sources to identify indicators of potential risk at the entity and industry level; and
- assessing that the going concern disclosures are appropriate, comply with the reporting standards, and accurately reflect the Directors' assessment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report

Overview

Coverage	*93% (2023: 95%) of Group profit before tax* *94% (2023: 96%) of Group revenue* *96% (2023: 94%) of Group total assets*		
Key audit matters		**2024**	**2023**
	Revenue recognition – construction contracts	☐	☐
	Valuation and impairment of work in progress	☐	☐
Materiality	*Group financial statements as a whole* £750,000 (2023: £810,000) based on 5% (2023: 5%) of the average profit before tax over a three year period (2023: profit before tax for the period).		

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPRINGFIELD PROPERTIES PLC (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2024

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's systems of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Significant components were identified with reference to either their contribution to key Group metrics including profit before tax, revenue and total assets, or the existence of a material balance that is impacted by key audit matters defined in the Group. Six significant components were identified based on their relative size and one significant component had specific balances identified as being significant based on risk.

The six significant components identified were, Springfield Properties Plc, Walker Group (Scotland) Limited, Dawn Homes Limited, Tulloch Homes Limited, Springfield M&M Homes Limited and Argyll Developments (Scotland) Limited. In addition, land and work in progress balances within Walker Group Springfield Holdings Limited were identified as being significant. A full scope audit was undertaken on these components by the Group audit team, who also carried out analytical review procedures on the non-significant components.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPRINGFIELD PROPERTIES PLC (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2024

Key audit matter		How the scope of our audit addressed the key audit matter
Revenue recognition – construction contracts *Refer Accounting policies Note 2.5 (page 78) and Note 4 of the consolidated financial statements (page 84).*	Revenue from construction contracts (affordable-only housing developments) is recognised based on stage of completion measured in reference to the costs incurred as a proportion of total costs ('input method'). Measured stage of completion is based on actual costs incurred to date on each project and requires management to forecast the estimated total costs required to complete the development. The estimation process is inherently complex and significant management judgement is required. There is also a direct relationship between contract length and estimation risk where longer contracts will inherently have a higher level of estimation uncertainty. There is a potential risk of fraud as revenue could be manipulated through management bias in estimating costs to complete, through incorrect allocation of costs to each development to skew the margins on individual developments and through the posting of manual journals. Revenue recognition on construction contracts is an area of focus for our audit in considering possible areas of management bias and fraud and therefore we determined this to be a key audit matter.	For all defined construction revenue, we recalculated the revenue to be recognised based on the stage of completion using the input method. We tested the design and operating effectiveness of controls around sub-contractor procurement, approval of purchases and allocation of costs to developments and performed testing over validity and accuracy of costs incurred to date. We performed procedures over a sample of cost to complete estimates included as part of the cost value reconciliation ('CVR') process. This included gaining an understanding of movements against original appraisals, testing a sample of estimated costs to complete to corroboratory evidence and assessing the forecasting accuracy of prior year CVRs against projects completed during the year and since year end. We performed a review of the most recent CVR's available after year end for any indication of significant margin decline and movement in cost estimates and, where a margin decline was noted, challenged whether the reasons for the decline in margin relate to conditions that existed at year end and should be factored into the stage of completion calculation used in determining the revenue to be recognised in the year. Where post year end CVR's were not available we held discussions with quantity surveyors and members of operational management to challenge whether any material cost fluctuations had occurred since year end. We performed journal entry testing, applying a particular focus to individually unusual and/or material manual journals posted to the revenue account throughout the year. We agreed journals which met predetermined criteria to supporting evidence to confirm that the revenue recognised was appropriate, had an appropriate business rationale and was in line with the Group's accounting policy. We considered the application of the accounting standards to the Group's revenue recognition policies and practices. **Key observations:** Based on the procedures performed we consider that the judgements made in estimating the construction contract stage of completion are appropriate and that revenue from construction contracts has been recognised appropriately.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPRINGFIELD PROPERTIES PLC (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2024

<table>
<tr><th colspan="2">Key audit matter</th><th>How the scope of our audit addressed the key audit matter</th></tr>
<tr><td>Valuation and impairment of work in progress

Refer, Accounting policies Note 2.13 (page 80) and Note 17 of the consolidated financial statements (page 92).</td><td>The value of work in progress is the most significant asset on the balance sheet (page 73). Inventory and work in progress comprises land and work in progress in relation to private housing. The relevant proportion of land and work in progress is recognised in cost of sales upon sale of a unit.

There is inherent complexity and significant judgement in the valuation of work in progress as the correct valuation of each development project is dependent on accurate cost allocation, projected profitability of the overall development, including forecast revenue and costs to complete, and where the work in progress is for undeveloped land, an assessment of whether planning permission will be achieved. Each of these factors affects the valuation of work in progress and whether there are any indicators of impairment.

The valuation of work in progress, the risk of impairment and the costs recognised in cost of sales are therefore areas of audit focus and were determined to be a key audit matter.</td><td>We tested the design and operating effectiveness of controls around sub-contractor procurement, approval of purchases and allocation of costs to developments and performed testing over validity and accuracy of costs capitalised to work in progress.

We recalculated the release to cost of sales for a sample of sites with reference to the total project margin as referenced in the cost value reconciliation (CVR).

We performed procedures over the cost to complete estimates included as part of the CVR process. This included gaining an understanding of movements against original appraisals, testing a sample of estimated costs to complete to corroboratory evidence and assessing the forecasting accuracy of prior year CVRs against projects completed during the year and since year end.

We reviewed management's impairment assessment against estimated costs to complete and projected margins to assess whether there was any indication of impairment and checked that where impairment indicators had been noted, these had been appropriately considered and treated. Our review of projected margins included benchmarking of forecast selling prices against current trends and recent selling prices.

For a sample of work in progress balances relating to undeveloped land we obtained evidence that planning permission had been achieved and that the prospective development is estimated to be profitable.

We performed journal entry testing, applying a particular focus to journals that appeared to be reallocating costs between projects within cost of sales and work in progress accounts. We agreed journals meeting predetermined criteria to supporting evidence to confirm that the revenue recognised was appropriate, had an appropriate business rationale and was in line with the Group's accounting policy.

Key observations:

Based on the procedures performed we consider the judgements made by management in valuing work in progress are appropriate.</td></tr>
</table>

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPRINGFIELD PROPERTIES PLC (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2024

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent company financial statements	
	2024 £m	2023 £m	2024 £m	2023 £m
Materiality	750,000	810,000	740,000	455,000
Basis for determining materiality	5% of normalised profit before tax calculated over a three year period.	5% of Profit before tax at planning stage reassessed based on final figures to confirm still appropriate	98% of group materiality	56% of Profit before tax
Rationale for the benchmark applied	Principal consideration in assessing financial performance of the business.	Principal consideration in assessing financial performance of the business.	Materiality was set at 97% of Group materiality taking into consideration component aggregation risk.	Materiality was set at 56% of Group materiality taking into consideration component aggregation risk
Performance materiality	520,000	480,000	510,000	273,000
Basis and rationale for determining performance materiality	Performance materiality is set at 70% of materiality (2023: 60%) to reflect our assessment of the risk that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.		Performance materiality is set at 70% of materiality (2023: 60%) to reflect our assessment of the risk that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.	

Component materiality

For the purposes of our Group audit opinion, we set materiality for each significant component of the Group, apart from the Parent Company whose materiality is set out above, based on a percentage of between 6% and 52% (2023: 21% and 65%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £47,000 to £397,000 (2023: £170,000 to £530,000). In the audit of each component, we further applied performance materiality levels of 70% (2023: 60%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPRINGFIELD PROPERTIES PLC (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2024

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £30,000 (2023: £32,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements. the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Parent Company financial statements are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPRINGFIELD PROPERTIES PLC (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2024

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

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

Non-compliance with laws and regulations

Based on:
- Our understanding of the Group and the industry in which it operates;
- Discussion with management, the Audit Committee and other members of those charged with governance; and
- Obtaining an understanding of the Group's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be the applicable accounting framework, UK tax legislation and the AIM Listing Rules.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be Companies Act 2006, Corporate and VAT legislations, Employment Taxes, Health and Safety and the Bribery Act 2020.

Our procedures in respect of the above included:
- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreement to supporting documentation;
- Involvement of tax specialists in the audit; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPRINGFIELD PROPERTIES PLC (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2024

Fraud
We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management, the Audit Committee and other members of those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
    - Detecting and responding to the risks of fraud; and
    - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be revenue recognition on construction contracts and valuation and impairment of work in progress.

Our procedures in respect of the above included:

- assessing whether the accounting policies, treatments and presentation adopted in the financial statements is in accordance with applicable law and accounting standards and whether there are instances of potential bias in areas with significant degrees of judgement;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business;
- carrying out tests of management controls in certain areas or functions, such as the authorisation of project costs and allocation of costs incurred to the correct development;
- vouching balances and reconciling items in management's key control account reconciliations to supporting documentation as at 31 May 2024; and
- carrying out detailed testing, on a sample basis, of material transactions, financial statement categories and balances to appropriate documentary evidence to verify the completeness, occurrence and accuracy of the reported financial statements.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and we remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPRINGFIELD PROPERTIES PLC (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2024

Use of our report

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

DocuSigned by:

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Alastair Rae (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Edinburgh, UK
16 September 2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Company Registration No. SC031286 (Scotland)

FINANCIAL STATEMENTS

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MAY 2024

	Note	2024 £000	2023 £000
Revenue	4	266,527	332,132
Cost of sales		(223,155)	(284,177)
Gross profit	5	**43,372**	**47,955**
Administrative expenses before exceptional items		(26,485)	(27,955)
Exceptional items	10	(898)	(720)
Total administrative expenses		(27,383)	(28,675)
Other operating income		1,021	688
Operating profit	6	**17,010**	**19,968**
Finance income	5	159	133
Finance costs	8	(7,501)	(4,812)
Profit before taxation		**9,668**	**15,289**
Taxation	9	(2,120)	(3,216)
Profit for the year and total comprehensive income		**7,548**	**12,073**
Profit for the year and total comprehensive income is attributable to:			
Owners of the parent company		7,548	12,073
		7,548	**12,073**
Earnings per share			
Basic earnings on profit for the year	12	6.36p	10.19p
Diluted earnings on profit for the year	12	6.12p	9.90p
Adjusted earnings per share			
Basic earnings on profit for the year	12	7.05p	10.74p
Diluted earnings on profit for the year	12	6.77p	10.43p

Adjusted earnings per share is a non-GAAP measure and is presented as an additional performance measure and is stated before exceptional items.

The Group has no items of other comprehensive income.

The accompanying notes on pages 76 to 106 form an integral part of these financial statements.

FINANCIAL STATEMENTS
CONSOLIDATED BALANCE SHEET
FOR THE YEAR ENDED 31 MAY 2024

	Note	2024 £000	2023 £000
Non-current assets			
Property, plant and equipment	13	7,184	7,816
Intangible assets	14	5,698	5,953
Deferred taxation	23	1,787	1,783
Trade and other receivables	18	5,000	5,000
		19,669	**20,552**
Current assets			
Inventories	17	244,297	277,633
Trade and other receivables	18	26,352	22,588
Cash and cash equivalents	27	14,935	8,909
		285,584	**309,130**
Total assets		**305,253**	**329,682**
Current liabilities			
Trade and other payables	19	49,632	55,788
Short-term bank borrowings	21	54,839	-
Deferred consideration	24	7,339	11,785
Short-term obligations under lease liabilities	22	1,567	1,884
Provisions	25	2,018	1,710
Corporation tax		1,342	362
		116,737	**71,529**
Non-current liabilities			
Long-term bank borrowings	21	-	70,673
Long-term obligations under lease liabilities	22	3,971	4,016
Deferred taxation	23	2,958	3,615
Deferred consideration	24	17,123	24,332
Contingent consideration	25	2,000	2,000
Provisions	25	4,257	2,884
		30,309	**107,520**
Total liabilities		**147,046**	**179,049**
Net assets		**158,207**	**150,633**
Equity			
Share capital	26	148	148
Share premium	26	78,744	78,744
Retained earnings		79,315	71,741
Equity attributable to owners of the parent company		**158,207**	**150,633**

These financial statements were approved and authorised for issue by the Board of Directors on 16 September 2024 signed on behalf of the Board by:

Company number: SC031286

Sandy Adam - Executive Chairman

The accompanying notes on pages 76 to 106 form an integral part of these financial statements.

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2024

	Notes	Share capital £000	Share premium £000	Retained earnings £000	Total £000
1 June 2022		148	78,744	64,635	143,527
Total comprehensive income for the year		-	-	12,073	12,073
Share-based payments	**26**	-	-	601	601
Dividends	**11**	-	-	(5,568)	(5,568)
31 May 2023		**148**	**78,744**	**71,741**	**150,633**
Total comprehensive income for the year		-	-	7,548	7,548
Share-based payments	**26**	-	-	26	26
31 May 2024		**148**	**78,744**	**79,315**	**158,207**

The share capital account records the nominal value of shares issued.

The share premium account records the amount above the nominal value received for shares issued, less share issue costs.

Retained earnings represents accumulated profits less losses, and distributions. Retained earnings also includes share based payments.

The accompanying notes on pages 76 to 106 form an integral part of these financial statements.

FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR TO 31 MAY 2024

Cash flows generated from operations	**Note**	**2024 £000**	**2023 £000**
Profit for the year – Adjusted for:		7,548	12,073
Exceptional items	**10**	898	720
Taxation charged	**9**	2,120	3,216
Finance costs	**8**	7,501	4,812
Finance income	**5**	(159)	(133)
Adjusted operating profit before working capital movement		**17,908**	**20,688**
Exceptional items	**10**	(898)	(720)
Gain on disposal of tangible fixed assets	**6**	(215)	(312)
Gain on disposal of investment		-	(158)
Share based payments	**26**	26	601
Amortisation of intangible fixed assets	**6**	259	255
Depreciation and impairment of tangible fixed assets		2,332	2,257
Operating cash flows before movements in working capital		**19,412**	**22,611**
Decrease/(increase) in inventory		32,086	(3,251)
Increase in accounts and other receivables		(2,497)	(404)
Decrease in accounts and other payables		(4,496)	(10,818)
Net cash from operations		**44,505**	**8,138**
Taxation paid		(1,818)	(2,900)
Net cash inflow from operating activities		**42,687**	**5,238**
Investing activities			
Purchase of property, plant and equipment		(177)	(478)
Proceeds on disposal of property, plant and equipment		270	427
Proceeds on disposal of investment		-	678
Interest received		155	-
Acquisition of subsidiary, net of cash acquired		-	(15,867)
Purchase of intangible assets		(4)	(30)
Net cash generated from/ (used in) investing activities		**244**	**(15,270)**
Financing activities			
Deferred consideration paid on acquisition of subsidiary	**32**	(12,141)	(6,138)
Proceeds from bank loans	**32**	-	20,187
Repayment of bank loans	**32**	(15,834)	-
Payment of lease liabilities	**32**	(2,234)	(2,147)
Dividends paid	**11**	-	(5,568)
Interest paid		(6,696)	(3,783)
Net cash (outflow)/inflow from financing activities		**(36,905)**	**2,551**
Net increase/(decrease) in cash and cash equivalents		**6,026**	**(7,481)**
Cash and cash equivalents at beginning of year		8,909	16,390
Cash and cash equivalents at end of year	**27**	**14,935**	**8,909**

The accompanying notes on pages 76 to 106 form an integral part of these financial statements.

FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR TO 31 MAY 2024

1. Organisation and trading activities

Springfield Properties Plc is incorporated and domiciled in Scotland as a public limited Company and operates from its registered office in Alexander Fleming House, 8 Southfield Drive, Elgin, Morayshire, IV30 6GR. See company note 4 for details of the subsidiary companies.

2. Summary of significant accounting policies

The principal accounting policies adopted and applied in the preparation of the financial statements are set out below. These have been consistently applied to all the years presented unless otherwise stated.

2.1 Basis of accounting

The financial statements of Springfield Properties Plc have been prepared in accordance with UK adopted international accounting standards. The Group has adopted all the standards and amendments to existing standards that are mandatory for accounting periods beginning on 1 June 2023.

The financial statements have been prepared under the historical cost convention except for contingent consideration.

The following standards have been issued but have not been applied by the Group in these financial statements. These amendments to standards and interpretations had no significant impact on the financial statements:

- IFRS 17 Insurance Contracts (including amendments to IFRS 17)
- Amendments to IAS 1 and IFRS PS2 'Disclosure of accounting policies'
- Amendments to IAS 1 'Classification of liabilities as current or non-current'
- Amendments to IAS 8 'Definition of Accounting Estimates'
- Amendments to IAS 12 'Deferred tax related to assets and liabilities arising from a single transaction'
- Amendments to IAS 12 'International tax reform'

The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 June 2023 and have not been early adopted:

- Amendments to IAS 1 'Classification of liabilities as current or non-current'
- Amendments to IAS 1 'Classification of Liabilities as Current or Non-current — Deferral of Effective Date'
- Amendments to IAS 1 'Non-current Liabilities with Covenants'
- Amendments to IFRS 16 'Lease liability in a sale and leaseback
- Amendments to IAS 7 and IFRS 7 'Supplier Finance Arrangements'
- Amendments to IAS 21 'Lack of Exchangeability'

The new standards and amendments to the standards noted above are expected to have no significant impact on the financial statements.

2. Summary of significant accounting policies (continued)

2.2 Basis of consolidation

The consolidated financial statements incorporate those of Springfield Properties Plc and its subsidiaries and jointly controlled entities. Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. Contingent consideration is measured at its fair value at the date of acquisition. If the contingent consideration meets the definition of equity, it is not remeasured, and settlement is accounted for within equity. Other contingent consideration is remeasured at fair value at each reporting date with subsequent changes in the fair value of the contingent consideration recognised in the consolidated profit and loss account.

All financial statements are made up to 31 May 2024. All intra-Group transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation.

2.3. Functional and presentation currencies

The financial statements are presented in Pound Sterling (£), rounded to the nearest £000, which is also the currency of the primary economic environment in which the Group operates (its functional currency).

2.4. Going concern

In determining the appropriate basis of preparation of the Financial Statements, the Directors are required to consider whether the Group can continue to meet its liabilities and other obligations for the foreseeable future.

The Group's business activities, together with factors that the Directors consider are likely to affect its development, financial performance and financial position, are set out in the Strategic Report on pages 4 to 36.

The material financial and operational risks and uncertainties that may affect the Group's performance and their mitigation are outlined on pages 14 to 16, and financial risks including liquidity, market, interest and capital risks are outlined in Note 29 to the Financial Statements.

Net bank debt at 31 May 2024 was significantly reduced to £39.9m (2023: £61.8m), reflecting the Group's sustained focus on reducing the debt position and was ahead of the target of £55m set at this time last year. A 12-month term loan of £18.0m that had a repayment date in September 2024 was repaid in full in May 2024.

The revolving credit facility of £87.5m that was initially due to expire in January 2025, but subsequent to the year end, has been extended for a further 12 months to January 2026 and a £7.5m overdraft facility has also been put in place for 12 months until September 2025 to provide working capital facilities.

In order to support the going concern period to 30 September 2025, the Board-approved budget to May 2025, with a further year added to May 2026, forms the basis of the detail and assessment to confirm the appropriateness of the going concern basis being adopted for the preparation of the 31 May 2024 financial statements.

In addition to the Board budget two sensitivity scenarios have been prepared reducing private home plots by c.10% and c.15% in the year to May 2025 from the original Board-approved budget. Under the 15% reduction scenario, the peak borrowing utilises 81% of the banking facilities. Under this scenario there are a number of mitigating actions that are within the control of the Group and could be pursued if required, which are not currently forecasted and would increase the headroom in the banking facilities.

Under all three scenarios the Group is able to operate within its bank facilities and covenants and at May 2025, the bank facility utilisation based on the Board-approved budget is forecast to be around 40%.

2. Summary of significant accounting policies (continued)

2.4. Going concern (continued)

We continue to retain the discipline around controlling build spend on sites and continue to adopt a cautious approach to new site openings. The profitable land sales in the year demonstrate the ability to generate cash quickly – there remains strong interest in our land bank should we wish to make further sales.

Accordingly, the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The Directors are confident that the Group has adequate resources to continue in operational existence for the foreseeable future and are satisfied that the Group will generate sufficient cash to meet its liabilities as and when they fall due for a period of 12 months from the signing of the annual report and financial statements for the year ended 31 May 2024.

2.5. Revenue and profit recognition

Sale of private homes

Revenue on private home sales is recognised at a point in time and the performance obligation is the transfer of the completed property to the customer on legal completion and receipt of cash. Revenue is measured at the fair value of the consideration received net of VAT and trade discounts.

The Group’s site valuation process determines the forecast profit margin for each site. The valuation process acts as a method of allocating land costs and construction costs of a development to each individual plot based on the overall development margin and drives the recognition of costs in the profit and loss account as each plot is sold. Any changes in the forecast profit margin of a site from changes in sales prices or costs to complete is recognised across all homes sold in both the current period and future periods.

Revenue on contracts recognised over time

Revenue from affordable housing contracts is recognised over time as development progresses as the construction activity enhances an asset controlled by the customer.

Where the outcome of a contract can be estimated reliably, the amount of revenue recognised depends on the stage of completion. This is based on the development costs incurred as a proportion of the total expected development costs (the input method).

Contractual cashflows are determined by independent surveys of work performed to date. These do not always align with the revenue recognised on the underlying performance obligation and any cashflows received that are in excess of the revenue recognised are included as contract liabilities. Where the cashflows received are less than revenue recognised the difference is included within contract assets.

Revenues derived from variations on contracts are recognised only when they can be reliably measured. Where the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as expenses in the period in which they are incurred and contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable. When it is probable that total contract costs will exceed contract turnover, the expected loss is recognised as an expense immediately.

Land sales

Revenue from land sales is recognised on legal completion based on fair value at transfer.

Plant hire revenue

Plant hire revenue represents amounts receivable for the short-term hire of plant and equipment. Revenue is recognised when the hire period commences and the customer benefits from the use of the plant and equipment and is recognised evenly throughout the hire period.

2 Summary of significant accounting policies (continued)

2.6. Net finance costs

Finance costs comprise interest payable on bank loans and the unwinding of the discount from nominal to present day value of provisions, deferred consideration and lease liabilities. Finance costs are capitalised when they are directly attributable to the acquisition, contribution or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Finance income comprises the unwinding of the discount from nominal to present day value of shared equity. Interest income and interest payable is recognised in the Profit and loss account on an accruals basis.

2.7. Taxation

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

Current tax

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

Deferred tax

Deferred tax assets and liabilities are recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The following temporary differences are not provided for: goodwill, the initial recognition of assets and liabilities that affects neither the tax profit nor the accounting profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled.

A deferred tax asset is recognised for unused tax losses and unused tax credits only if it is probable that future taxable amounts will arise against which those temporary differences and losses may be utilised.

2.8. Exceptional items

Exceptional items are those material items which, by virtue of their size or incidence, are presented separately in the profit and loss account to enable a full understanding of the Group's financial performance. Transactions that may give rise to exceptional items include transactions relating to acquisitions and costs relating to changes in share capital structure as well as redundancy and restructuring costs.

2.9. Property, plant and equipment

Tangible fixed assets are initially measured at cost and subsequently measured at cost net of depreciation and any impairment losses. Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Buildings	- 2% and 5% straight line
Plant and machinery	- 2-10 years straight line
Fixtures, fittings & equipment	- 2-5 years straight line
Motor vehicles	- 4-5 years straight line
Right-of-use leased assets	- over the lease term, straight line with no residual value
Land is not depreciated	

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is credited or charged to the profit and loss account.

2 Summary of significant accounting policies (continued)

2.10. Intangible fixed assets

Intangible assets comprise market related assets (e.g. trademarks, imprints & brands) and goodwill on acquisition.

Market related assets

Trademark assets in relation to Springfield Properties Plc are expected to have an indefinite useful life; however, impairment reviews are performed annually. Any impairment losses or reversals of impairment losses are recognised immediately in the profit and loss account.

The brand asset in relation to Tulloch Homes has a 15 year useful life and amortisation is charged on a straight line basis.

Goodwill on acquisition

Goodwill on acquisitions of subsidiaries or businesses represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired.

Impairment reviews are performed annually with any impairment losses being recognised immediately in the profit and loss account.

2.11. Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses are recognised immediately in the profit and loss account. Costs associated with the acquisition of subsidiaries are recognised in the profit and loss account as an exceptional item.

2.12. Impairment of fixed assets

At each reporting end date, the Group reviews the carrying amounts of its tangible fixed assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. Any impairment loss and reversal of losses are recognised in the profit and loss account.

2.13. Inventories and work in progress

Property, including land held under development, acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as stock and is measured at the lower of cost and net realisable value.

Cost comprises the invoiced value of the goods purchased and includes attributable direct costs, labour and overheads and where possible and directly attributable to site finance costs will be included.

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less estimated costs of completion and the estimated costs necessary to make the sale. Any excess of the carrying amount of stocks over its net realisable value is recognised as an impairment loss in the profit and loss account.

2 Summary of significant accounting policies (continued)

2.13. Inventories and work in progress (continued)

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in the profit and loss account.

Where sites are 'secured' via option agreements, these sites are only included as stock when the agreement becomes unconditional.

Options included as part of stock are stated at the lower of cost and net realisable value.

2.14. Financial instruments

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

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

Financial assets at amortised cost

Financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets are recognised initially at cost. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method, less any impairment losses.
Loans outside the Group are valued at the recoverable amount and a market rate of interest is charged.

Financial assets at amortised cost

Financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets are recognised initially at cost. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method, less any impairment losses.

Loans outside the Group are valued at the recoverable amount and a market rate of interest is charged.

Impairment of financial assets

The Group recognises an allowance for expected credit losses for all debt instruments not held at fair value through the profit and loss account. Expected credit losses are based on the difference between the contracted cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

For trade receivables and, in the Parent Company, intercompany receivables, the Group applies a simplified approach in calculating expected credit losses. The Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date.

Derecognition of financial assets

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

2 Summary of significant accounting policies (continued)

2.14. Financial instruments (continued)

Financial liabilities

All of the Group's financial liabilities are measured at amortised cost.

Other financial liabilities

Other non-derivative financial liabilities are initially measured at historical cost less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of other financial liabilities

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

2.15. Deferred consideration

Deferred consideration payments are initially recognised at fair value at the date of acquisition which is based on the timing of the cash outflows and an appropriate discount rate. It is subsequently measured at amortised cost.

2.16. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

2.17. Dividends

Dividends are recognised as liabilities in the period in which the dividends are approved and once they are no longer at the discretion of the Company.

2.18. Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for leases of low value assets (less than £5,000) and leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the Group's incremental borrowing rate at commencement of the lease.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received. Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease. Right-of-use assets comprise the Group's existing premises in Elgin, Larbert, Inverness and Glasgow along with certain items of office equipment and motor vehicles.

2. Summary of significant accounting policies (continued)

2.19. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of a Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received net of share issue costs. Share capital represents the amount subscribed for shares at nominal value.

The share premium account represents premiums received on the initial issuing of the share capital. Any share issue costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits. Any bonus issues are also deducted from share premium.

Retained earnings include all current and prior period results as disclosed in the profit and loss account.

2.20. Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant and recognised as an expense over the vesting period. The amount recognised as an expense is adjusted for leavers to the scheme. Fair value is measured by use of a relevant pricing model.

2.21. Provisions

Provisions include dilapidations to cover the Group's leased properties with an upfront liability recognised. Maintenance provisions relate to the costs to come on developments where the final homes have been handed over.

3 Critical accounting estimates and judgements in applying accounting policies

In the application of the Group's accounting policies the Directors are required to make judgements, estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. The estimates and associated assumptions are based on historical experience, expectations of future events and other factors that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period.

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 year are:

3.1. Carrying value of inventories

Inventories are stated at the lower of cost and net realisable value. The assessment of net realisable value is performed on a site by site basis taking into account estimated costs to complete and remaining revenue.

These assessments are carried out on a regular basis throughout the year to ensure an effective review of inventory carrying values and the costs to complete developments – this includes forecast selling prices and forecast costs to come based on general market conditions and anticipated completion date.

There is an element of uncertainty when estimating the profitability of a site and the Group ensures there is a strong level of control around the reporting of these assessments to ensure an accurate assessment is made of inventory carrying values.

3 Critical accounting estimates and judgements in applying accounting policies (continued)

3.2. Contract revenue

Contract revenue relates to where the Group is providing construction services to third parties, resulting in a completed developed property, on land that is not controlled by the Group during the development phase. Revenue is recognised over time, with reference to the stage of completion of the contract. The stage of completion is determined using an input method that reflects the development cost incurred as a proportion of the total expected development cost, as it is considered proportionate to the satisfaction of the underlying performance obligation. These contracts are typically for a fixed cash consideration received on a monthly cycle over the course of the construction services contract.

There is an element of uncertainty when estimating the final cost of a site and the Group ensures there is a strong level of internal control around the reporting of these assessments to ensure an accurate assessment is made. This ensures revenue is accurately calculated on a stage of completion basis (input method).

3.3. Cost allocation

In order to allocate the costs that the Group recognises on its developments in a specific period, the Group has to allocate site-wide development costs between homes built in the current year. It also has to estimate costs to complete on such developments. In making these assessments there is a degree of inherent uncertainty. The Group has developed controls to assess and review carrying values and the appropriateness of estimates made.

3.4. Climate change

In preparing the financial statements, the Directors have also considered the impact of climate change in the context of the risks and opportunities identified in the Climate-related Financial Disclosures on pages 17 to 36. There has been no material impact identified on the financial reporting and estimates. The Directors specifically considered the impact of climate change in the following areas:

- Going concern and the Group’s ability to meet its liabilities over the next two years;
- Cash flow forecasts used in the impairment review of intangible assets;
- Carrying value and useful economic lives of property, plant and equipment; and
- Recoverability of deferred tax assets.

While there is no short-term impact expected from climate change, the Directors are aware of the risks and regularly assess these risks against judgements and estimates made in preparation of the Group’s financial statements.

4. Revenue

Analysis of the Group’s revenue is as follows:

Revenue	**2024 £000**	**2023 £000**
Private residential housing	184,734	253,362
Affordable housing	46,975	53,931
Contracting housing	4,995	19,681
Land sale	28,055	3,676
Other revenue	1,768	1,482
Revenue from the sale of goods and services as reported in the profit and loss account	**266,527**	**332,132**

4. Revenue (continued)

Contract balances
The following table provides information about balances arising from contracts with customers:

	2024 £000	2023 £000
Amounts included in trade receivables	6,065	8,135
Amounts included within other payables	(2,427)	(4,219)

Amounts included in trade receivables relate to work certified and invoiced but not paid on Housing Association contracts.

Amounts included within payables represents customer deposits on private homes sales and deferred land sales as well as payments on account.

5. Segmental reporting

The Group has only one reportable operating segment, being housebuilding within the UK, under the control of the Board. The Board has been identified as the Chief Operating Decision Maker as defined under IFRS 8 Operating Segments.

The Board regularly reviews the Group's profit and loss account and balance sheet position at both a divisional and consolidated level. Each of these divisions is an operating segment as defined by IFRS 8 in that the Directors assess performance and allocate resources at this level. The divisions have been aggregated into one reporting segment on the basis that they share similar economic characteristics. In addition, each division builds and delivers residential homes, uses consistent methods of construction, sells homes to both private customers and housing associations, have a comparable sales process and operations, and are all subject to the same macroeconomic factors including mortgage availability and Government policy.

As the Group operates solely in the United Kingdom segment reporting by geographical region is not required.

Revenue	**2024 £000**	**2023 £000**
Private residential housing	184,734	253,362
Affordable housing	46,975	53,931
Contract housing	4,995	19,681
Land sale	28,055	3,676
Other	1,768	1,482
Total revenue	**266,527**	**332,132**

Gross profit	**43,372**	**47,955**
Administrative expenses	(26,485)	(27,955)
Exceptional items	(898)	(720)
Other operating income	1,021	688
Finance income	159	133
Finance expenses	(7,501)	(4,812)
Profit before tax	**9,668**	**15,289**
Taxation	(2,120)	(3,216)
Profit for the period	**7,548**	**12,073**

6. Operating profit

Operating profit is stated after charging / (crediting):

	Notes	2024 £000	2023 £000
Depreciation of tangible fixed assets	**13**	619	910
Depreciation of right-of-use assets	**13**	1,713	1,342
Amortisation of intangible assets	**14**	259	255
Gain on disposal of tangible fixed assets		(215)	(312)
Gain on disposal of investment		-	(158)
Cost of inventories recognised as an expense		223,155	284,177
Exceptional items	**10**	898	720
Expenses relating to short term and low value leases		9	5

Auditor's remuneration

	2024 £000	2023 £000
Fees payable to the Group's auditor for the audit of the Group and Company annual financial statements	67	81
Fees payable to the Group's auditor for the audit of the Company's subsidiaries	128	155
Fees payable to the Group's auditor and their associates for other services to the Group and Company – other non-audit services	3	6
	198	**242**

7. Staff costs

The average monthly number of employees (including Executive Directors) for the continuing operations was:

	2024	2023
Building staff	444	614
Administrative staff	254	262
	698	**876**

	2024 £000	2023 £000
Wages and salaries	32,358	39,266
Share based payments	26	601
Social security costs	3,341	3,870
Pension costs	1,416	1,634
	37,141	**45,371**

Full details of the Directors' remuneration is provided in the Remuneration Committee Report on page 48. The Group operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Group in an independently administered fund.

The charge to the profit and loss account in respect of defined contribution schemes was £1,416k (2023: £1,634k). Contributions totalling £205k (2023: £216k) were payable to the fund at the year-end and are included in creditors.

8. Finance costs

	2024 £000	2023 £000
Interest on bank overdrafts and loans	7,165	4,297
Interest on lease liabilities	298	457
Other interest	38	58
	7,501	**4,812**

9. Taxation

	2024 £000	2023 £000
Current tax		
UK corporation tax on profits for the current period	2,824	3,069
Adjustments in respect of prior periods	(43)	(92)
	2,781	**2,977**
Deferred tax		
Origination and reversal of timing differences	(660)	239
Adjustments in respect of prior periods	(1)	-
	(661)	**239**
	2,120	**3,216**

The charge for the year can be reconciled to the standard rate of tax as follows:

	2024 £000	2023 £000
Profit before tax	9,668	15,289
Tax at the UK corporation tax rate of 25% (2023: 20%)	2,417	3,058
Effects of:		
Tax effect of expenses that are not deductible in determining taxable profit	55	257
Adjustments in respect of prior years	(43)	(92)
Depreciation on assets not qualifying for tax allowances	(42)	(40)
Land remediation relief	-	(1)
Income not taxable	-	11
Deferred tax adjustments in respect of prior years	(1)	-
Temporary difference not recognised	34	291
Other timing differences	(27)	(3)
Adjust deferred tax to closing average rate	(273)	(265)
Tax charge for period	**2,120**	**3,216**

10. Exceptional items

	2024 £000	2023 £000
Redundancy costs	898	349
Acquisition and other transaction – related costs (1)	-	371
	898	**720**

(1) 2023 - Acquisition and other transactions – related costs for the acquisition of the housebuilding business of Mactaggart & Mickel Group Ltd.

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YEAR TO 31 MAY 2024

11. Dividends

For the year to 31 May 2024, a final dividend of 1p per share is proposed to be paid. No interim dividend was paid during the year.

In respect of the prior year, there was no interim or final dividend paid to shareholders.

On 16 December 2022, a final dividend for the year ended 31 May 2022 was paid to shareholders, amounting to £5,568,061 which equated to 4.7p per share.

12. Earnings per share

The basic earnings per share is based on the profit for the year divided by the weighted average number of shares in issue during the year. The weighted average number of ordinary shares for the year ended 31 May 2024 assumes that all shares have been included in the computation based on the weighted average number of days since issue.

In respect of diluted earnings per share the weighted average is calculated by adjusting for all outstanding share options that are potentially dilutive (i.e. where the exercise price is less than the average market price of the shares during the year).

	2024 £000	2023 £000
Profit for the year attributable to owners of the Company	7,548	12,073
Adjusted for the impact of tax adjusted exceptional costs in the year	811	652
Adjusted earnings	8,359	12,725
Weighted average number of ordinary shares for the purpose of basic earnings per share	118,572,439	118,478,254
Effect of dilutive potential shares: share options	4,830,426	3,507,257
Weighted average number of ordinary shares for the purpose of diluted earnings per share	123,402,865	121,985,511
Earnings per ordinary share		
Basic earnings on profit for the year	6.36p	10.19p
Diluted earnings on profit for the year	6.12p	9.90p
Adjusted earnings per ordinary share (1)		
Basic earnings on profit for the year	7.05p	10.74p
Diluted earnings on profit for the year	6.77p	10.43p

(1) Adjusted earnings is presented as an additional performance measure and is stated before exceptional items and is used in adjusted EPS calculation.

13. Property, plant and equipment

	2024 £000	2023 £000
Property, plant and equipment	2,119	2,577
Right-of-use assets	5,065	5,239
Property, plant and equipment	**7,184**	**7,816**

	Land & buildings £000	Plant & machinery £000	Fixtures, fittings & equipment £000	Motor vehicles £000	Total £000
Cost					
At 1 June 2022	986	6,958	1,693	242	9,879
Additions	-	511	278	71	860
Disposals	(142)	(234)	(13)	(144)	(533)
At 31 May 2023	844	7,235	1,958	169	10,206
Additions	-	181	22	29	232
Disposals	-	(594)	(7)	(93)	(694)
At 31 May 2024	844	6,822	1,973	105	9,744
Accumulated depreciation					
At 1 June 2022	147	5,522	1,237	213	7,119
Depreciation charge	25	616	233	36	910
Disposals	(26)	(225)	(6)	(143)	(400)
At 31 May 2023	146	5,913	1,464	106	7,629
Depreciation charge	21	378	189	31	619
Disposals	-	(536)	(3)	(84)	(623)
At 31 May 2024	167	5,755	1,650	53	7,625
Net book value					
At 31 May 2024	677	1,067	323	52	2,119
At 31 May 2023	698	1,322	494	63	2,577
At 31 May 2022	839	1,436	456	29	2,760

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR TO 31 MAY 2024

13. Property, plant and equipment (continued)

Right-of-use assets	**Land & buildings £000**	**Fixtures, fittings & equipment £000**	**Motor vehicles £000**	**Total £000**
Cost				
At 1 June 2022	2,571	31	1,653	4,255
Additions	1,522	37	1,992	3,551
Disposals	-	-	(27)	(27)
At 31 May 2023	4,093	68	3,618	7,779
Additions	923	-	649	1,572
Disposals	-	(15)	(110)	(125)
At 31 May 2024	5,016	53	4,157	9,226
Accumulated depreciation				
At 1 June 2022	909	20	287	1,216
Depreciation charge	519	20	803	1,342
Disposals	-	-	(18)	(18)
At 31 May 2023	1,428	40	1,072	2,540
Depreciation charge	546	14	1,153	1,713
Disposals	-	(15)	(77)	(92)
At 31 May 2024	1,974	39	2,148	4,161
Net book value				
At 31 May 2024	3,042	14	2,009	5,065
At 31 May 2023	2,665	28	2,546	5,239
At 31 May 2022	1,662	11	1,366	3,039

Fixed assets with the carrying value of £5,065k (2023: £5,239k) are pledged as security.

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YEAR TO 31 MAY 2024

14. Intangible fixed assets

	Goodwill	Website	Marketing-related assets	Total
	£000	£000	£000	£000
Cost				
At 1 June 2022	1,631	19	4,300	5,950
Additions	420	30	-	450
At 31 May 2023	2,051	49	4,300	6,400
Additions	4	-	-	4
At 31 May 2024	2,055	49	4,300	6,404
Amortisation				
At 1 June 2022	69	-	123	192
Amortisation charge in year	-	8	247	255
At 31 May 2023	69	8	370	447
Amortisation charge in year	-	12	247	259
At 31 May 2024	69	20	617	706
Net book value				
At 31 May 2024	1,986	29	3,683	5,698
At 31 May 2023	1,982	41	3,930	5,953
At 31 May 2022	1,562	19	4,177	5,758

Goodwill relates to the prior acquisition of Walker Holdings (Scotland) Limited £1,049k (2023: £1,049k), Tulloch Homes Holdings Limited £513k (2023: £513k) and the housebuilding business of Mactaggart & Mickel Group Limited (Springfield M&M Homes Limited) £420k (2023: £420k) and is subject to annual impairment reviews. The recoverable amount of Walker Holdings (Scotland) Limited goodwill has been determined based on a value in use calculation using cash flow projections based on the actual results for Walker Holdings (Scotland) Limited for the year ended 31 May 2024 and the Board-approved budget to May 2025 with two further years added to May 2027 and a final year based on a growth rate of 5% per annum. The recoverable amount of the Tulloch Homes Holdings Limited goodwill has been determined based on a value in use calculation using cash flow projections based on the actual results for the Tulloch Group for the year ended 31 May 2024 and the Board-approved budget to May 2025 with two further years added to May 2027 and a final year based on a growth rate of 5% per annum. The recoverable amount of the Springfield M&M Homes goodwill has been determined based on a value in use calculation using cash flow projections based on the actual results for the Springfield M&M Homes for the year ended 31 May 2024 and the Board-approved budget to May 2025 with two further years added to May 2027 and a final year based on a growth rate of 5% per annum.

Marketing-related assets of £3,683k (2023: £3,930k) comprise of Springfield Properties Plc trademark asset £600k (2023: £600k) which has been measured at cost and the Tulloch Homes brand £3,083k (2023: £3,330k). The trademark asset is expected to have an indefinite useful life. The brand intangible £3,083k (2023: £3,330k) relates to the brand name of Tulloch Homes Holdings Limited and is being amortised over its economic useful life (15 years). The recoverable amount of the Springfield trademark intangible has been determined based on a value in use calculation using cash flow projections based on the actual results for Springfield Properties Plc company only for the year ended 31 May 2024 and the Board-approved budget to May 2025 with two further years added to May 2027 and a final year based on a growth rate of 5% per annum. The Tulloch brand intangible recoverable amount is based on the same detailed as noted above for goodwill.

14. Intangible fixed assets (continued)

Website costs are stated at cost less amortised cost. The economic useful life of website costs is 3 years. The discount rate applied to cash flows is 12% based on an estimated market rate of interest applied. As a result of the impairment review, there has been no impairment to the carrying value of the intangible assets. The Directors believe that any reasonably possible further change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed the recoverable amount.

15. Acquisition of subsidiary company

During the year, the Group purchased 100% of the share capital of SP SUB 2024 Limited. This company has yet to trade.

16. Fixed assets investments

Movement in fixed asset investments

	Investment in joint venture £000	Other £000	Total £000
Cost			
At 1 June 2022	-	520	520
Disposals	-	(520)	(520)
At 31 May 2023	**-**	**-**	**-**
Additions	-	-	-
At 31 May 2024	**-**	**-**	**-**

In the prior year, Springfield Properties Plc sold an investment in Castle Stuart for a consideration of £678k, resulting in a gain on disposal of £158k.

17. Inventories

	2024 £000	2023 £000
Work in progress	244,297	277,633
	244,297	**277,633**

Finance costs capitalised during the year amounted to £nil (2023: £1,672k).

18. Trade and other receivables

Amounts falling due within one year

	2024 £000	2023 £000
Trade receivables	9,907	9,102
Other receivables	7,696	7,270
Contract assets	8,136	5,006
Prepayments and accrued income	613	1,210
	26,352	**22,588**

Revenue recognised in the year ended 31 May 2024 included £10,742k (2023: £3,973k) from projects that were included in the contract assets balance at 31 May 2023.

The Directors consider the carrying amount of the receivables approximates to their fair value.

18. Trade and other receivables (continued)

The Group's exposure to credit risk is limited by the fact that the Group generally receives cash at the point of legal completion of its sales. There are certain categories of revenue where this is not the case; for instance, affordable housing revenues, contracting housing revenues or land sales where management considers that the ratings of these various debtors are good and therefore credit risk is low. Loans to related parties (included within other receivables great than one year) have also been assessed as low credit risk based on the expected profitability of their future contracts. The Group has low concentration of credit risk, with exposure spread over a large number of customers and developments. The maximum exposure to credit risk at 31 May 2024 is represented by the carrying amount of each financial asset.

Amounts falling due after one year

	2024 £000	2023 £000
Other receivables	5,000	5,000
	5,000	**5,000**

Shared equity receivables

	2024 £000	2023 £000
At 1 June 2023	329	641
Repaid during the year	(176)	(325)
Finance income	3	13
At 31 May 2024	**156**	**329**
Less: amounts receivable within one year	(156)	(329)
Amounts receivable after one year	**-**	**-**

Shared equity loan receivables comprise loans which were granted as part of sales transactions. They are secured by way of a second ranking legal charge over the related property. The assets are recorded at fair value, being the estimated future amount receivable by the Group, discounted to present day values.

The Directors review the future anticipated receipts from the assets at the end of each financial year. Credit risk, which the Directors currently consider to be mitigated through holding a second legal charge over the assets, is accounted for in determining fair values and appropriate discount factors are applied. The Directors review the financial assets for impairment at each balance sheet date. The Directors expect an average maturity profile of between 2 and 5 years from the balance sheet date.

19. Trade and other payables

	2024 £000	2023 £000
Trade creditors	23,787	35,377
Other taxation and social security	2,475	1,328
Other creditors	488	765
Contract liabilities	-	2,860
Accruals and deferred income	22,882	15,458
	49,632	**55,788**

Revenue recognised in the year ended 31 May 2024 included £7,206k (2023: £5,641k) that was included in the contract liability balance at 31 May 2023. The Directors consider the carrying amount of the accounts payable approximates to their fair value.

20. Financial assets and liabilities

Assets	**2024 £000**	**2023 £000**
Financial assets at amortised cost	42,668	31,005
Total	**42,668**	**31,005**

Liabilities	**2024 £000**	**2023 £000**
Measured at amortised cost	129,080	162,165
Total	**129,080**	**162,165**

Included within financial assets at amortised cost is trade receivables, retentions and cash and cash equivalents.

Included within financial liabilities at amortised cost is short and long term bank borrowings, trade creditors, short term obligations under lease liabilities, long term obligations under lease liabilities, deferred consideration and accruals.

21. Bank borrowings

Secured borrowings:	**2024 £000**	**2023 £000**
Bank loans	54,839	70,673
Less: payable within one year	(54,839)	-
Payable after one year	**-**	**70,673**

The bank loan comprises of a revolving credit facility of £87.5m that was initially due to expire in January 2025. Subsequent to the year end, this has been extended for a further 12 months to January 2026. The facility attracts an interest rate of 2.75% per annum above Bank of England SONIA (Sterling overnight index average response rate) and is secured over certain of the Company's properties, with a 31 May 2024 work in progress value of £36.6m.

A term loan of £18.0m that had a repayment date in September 2024 was repaid in full in May 2024.

At 31 May 2024, the Group had available £32.5m (2023: £16.5m) of undrawn committed borrowing facilities.

The Group's lender has a floating charge over the assets of the Company and of its subsidiaries.

22. Obligations under leases

Lease payments represent rentals payable by the Group for certain items of plant and machinery and are secured by the assets under lease in question. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. Leases are stated at the present value of the contractual payments due to the lessor over the lease term.

	2024	2023
Future minimum payments due:	**£000**	**£000**
Not later than one year	1,904	2,236
After one year but not more than five years	3,426	3,232
After five years	1,513	1,546
	6,843	7,014
Less finance charges allocated to future periods	(1,305)	(1,114)
	5,538	**5,900**
Present value of minimum lease payments:		
Not later than one year	1,567	1,884
After one year but not more than five years	2,663	3,273
After five years	1,308	743
	5,538	**5,900**

23. Deferred taxation

	2024	2023
	£000	**£000**
The movement in the deferred taxation provision during the year was:		
Provision brought forward	1,832	1,593
Charge in the year	(661)	239
Provision carried forward	**1,171**	**1,832**

	2024	2023
	£000	**£000**
Deferred tax liability	2,958	3,615
Deferred tax assets	(1,787)	(1,783)
	1,171	**1,832**

	2024	2023
	£000	**£000**
The elements of deferred taxation are as follows:		
Fixed asset timing differences	98	122
Available losses	(555)	(554)
Other timing differences	1,628	2,264
	1,171	**1,832**

24. Deferred consideration

As part of the purchase agreement of Tulloch Homes Holdings Limited, there was a further £13,000,000 of deferred consideration payable. This can be broken down into: (i) £362,330 paid on 24 April 2022 (ii) £6,137,670 paid in November 2022 and (iii) £6,500,000 paid in August 2023. The outstanding discounted amount payable at the period end is £nil (2023: £6,493,552).

As part of acquiring the housebuilding business of Mactaggart & Mickel Group Limited, there was a further £30,781,108 of deferred consideration payable. This is payable quarterly in arrears as homes are sold starting from August 2023. There is a minimum annual payment of £7,695,277. The outstanding discounted amount payable at the period end was £24,462,203 (2023: £29,623,127).

	2024	2023
	£000	£000
Acquisition of Tulloch Homes Holdings Limited	-	6,494
Acquisition of the housebuilding business of Mactaggart & Mickel Group Limited	24,462	29,623
	24,462	**36,117**

	2024	2023
	£000	£000
Deferred consideration < 1 year	7,339	11,785
Deferred consideration > 1 year	17,123	24,332
	24,462	**36,117**

25. (a) Contingent consideration

As part of the purchase agreement of Dawn Homes Holdings Limited there was a further £2,500,000 payable for an area of land if (i) the Group make a planning application when it reasonably believes the council will recommend approval; or (ii) it is zoned by the council. The Directors have assessed the likelihood of the land being zoned and have included a liability of £2,000,000 based on 80% probability. The outstanding amount payable at the period end included within liabilities is £2,000,000 (2023: £2,000,000). The remaining £500,000 (20% on the £2,500,000 still to be paid) has been treated as a contingent liability due to the uncertainty over the future payment.

	2024	2023
	£000	£000
Acquisition of Dawn Homes Holdings Limited	2,000	2,000
	2,000	**2,000**

25. (b) Provisions

Dilapidation provisions are included for all rented buildings within the Group. Maintenance provisions relate to costs to come on developments where the final homes have been handed over.

	2024	2023
	£000	£000
Dilapidation provision	113	169
Provisions for onerous contracts	-	353
Maintenance provision	6,162	4,072
	6,275	**4,594**

25. (b) Provisions (continued)

The movement in the provision accounts are as follows:

	Dilapidation	Onerous contracts	Maintenance	Total
	£000	£000	£000	£000
Balance as at 1 June 2023	169	353	4,072	4,594
Additional provision	9	-	4,788	4,797
Amount utilised	(12)	(353)	(1,860)	(2,225)
Amount released	(53)	-	(838)	(891)
Balance as at 31 May 2024	113	-	6,162	6,275

	2024 £000	2023 £000
Provisions < 1 year	2,018	1,710
Provisions > 1 year	4,257	2,884
	6,275	**4,594**

26. Share capital

The Company has one class of ordinary share which carry full voting rights but no right to fixed income or repayment of capital. The share capital account records the nominal value of shares issued. The share premium account records the amount above the nominal value received for shares sold, less share issue costs.

Ordinary shares of 0.125p - allotted, called up and fully paid	Number of shares	Share capital £000	Share premium £000
At 1 June 2023	118,496,001	148	78,744
Share issue	173,123	-	-
At 31 May 2024	**118,669,124**	**148**	**78,744**

During the year, 173,123 shares (2023: 26,602) were issued in satisfaction of share options exercised for a consideration of £26 (2023: £33).

Share based payments

During the year the Group operated four share-based schemes.

Share related share options scheme

The Group operates a Savings related Share Option Scheme which is open to all employees. Grant options were made in May 2021 and become exercisable after 3 years, subject to employees remaining in continuous employment. Employees enter into a savings contract with the Yorkshire Building Society who administers the scheme. The options are granted at a 10% discount of the share price at the date of grant and lapse if not exercised within six months of maturity. Special provisions apply to employees who leave their employment for ill health, redundancy or retirement.

26. Share capital (continued)

Share based payments (continued)

Long-Term Incentive Plan (LTIP)

The Company operates a LTIP for senior management to retain and align their interests with shareholders. The LTIP is split into a CSOP, ESOP and Performance Share Plan ("PSP") scheme. The PSP was introduced during the prior year and under which key executives could be granted conditional "whole share" awards (i.e. rights to acquire shares where the individual is required to pay a zero or negligible exercise price) the vesting of which is normally conditional on both continued employment and the satisfaction of specified performance measures.

Fair value of share options

Options are valued using the Black-Scholes option-pricing model. No performance conditions are included in the fair value calculation.

CSOP

	2024		2023	
	Number of shares	**Weighted average exercise price (pence)**	**Number of shares**	**Weighted average exercise price (pence)**
Options at the beginning of the year	606,413	115.28	627,558	115.33
Lapsed during the year	(22,775)	131.72	(21,145)	116.71
Options at the year end	583,638	114.64	606,413	115.28

Share option	**Grant Price (p)**	**Number of shares at year end**	**Exercise price (p)**	**Vesting period (years)**
CSOP – 16th October 2017	106.00	307,821	106.00	3
CSOP – 8th December 2017	111.00	27,027	111.00	3
CSOP – 3rd May 2018	134.00	22,388	134.00	3
CSOP – 16th May 2018	134.00	91,746	134.00	3
CSOP – 1st October 2018	122.50	98,165	122.50	3
CSOP – 4th June 2019	108.50	36,491	108.50	3

	2024		2023	
ESOP	**Number of shares**	**Weighted average exercise price (pence)**	**Number of shares**	**Weighted average exercise price (pence)**
Options at the start of the year	1,727,589	118.80	1,746,570	118.84
Lapsed during the year	(44,108)	122.14	(18,981)	122.50
Options at the year end	1,683,481	118.71	1,727,589	118.80

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR TO 31 MAY 2024

26. Share capital (continued)

Share based payments (continued)

Share option	Grant Price (p)	Number of shares at year end	Exercise price (p)	Vesting period (years)
ESOP – 16th October 2017	106.00	445,432	106.00	3
ESOP – 3rd May 2018	134.00	72,761	134.00	3
ESOP – 16th May 2018	134.00	11,157	134.00	3
ESOP – 1st October 2018	122.50	1,154,131	122.50	3

	2024		2023	
SAYE	Number of shares	Weighted average exercise price (pence)	Number of shares	Weighted average exercise price (pence)
Options at the start of the year	1,084,972	130.50	1,837,747	130.50
Lapsed during the year	(660,187)	130.50	(752,775)	130.50
Options at the year end	424,785	130.50	1,084,972	130.50

Share option	Grant Price (p)	Number of shares at year end	Exercise price (p)	Vesting period (years)
SAYE – 29th April 2021	145.00	424,785	130.50	3

	2024		2023	
PSP	Number of shares	Weighted average exercise price (pence)	Number of shares	Weighted average exercise price (pence)
Options at start of the year	2,853,274	0.13	2,368,181	0.13
Granted during the year	2,161,933	0.13	776,800	0.13
Lapsed during the year	(456,085)	0.13	(265,105)	0.13
Exercised during the year	(173,123)	0.13	(26,602)	0.13
Options at the year end	4,385,999	0.13	2,853,274	0.13

Share option	Grant Price (p)	Number of shares at year end	Exercise price (p)	Vesting Period (years)
PSP – 9th January 2020	0.13	24,132	0.13	3
PSP – 30th October 2020	0.13	159,678	0.13	3
PSP – 21st December 2021	0.13	1,263,456	0.13	3
PSP – 28th March 2023	0.13	776,800	0.13	3
PSP – 30th October 2023	0.13	2,161,933	0.13	3

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR TO 31 MAY 2024

26. Share capital (continued)

Share based payments (continued)

Inputs used to determine fair value of options

	CSOP	ESOP	SAYE	PSP
Expected volatility	29.00%	29.00%	29.00%	17.83%
Risk free interest rate	0.49%	0.49%	0.49%	-1.91%
Expected dividends	-	-	-	2.5%
Fair value of options	34.00p	39.00p	37.00p	49.04p
Charge per option	32.00p	37.00p	35.00p	49.04p

Expected volatility was calculated using historical share price information of the house-building sector for the CSOP and ESOP and the 12-month average Springfield share price prior to the grant of the PSP options.

CSOP – nil (2023: nil) of options were exercised during the year and 547,147 (2023: 606,413) shares were exercisable.

ESOP – nil (2023: nil) of options were exercised during the year and 1,683,481 (2023: 1,727,589) shares were exercisable.

SAYE – nil (2023: nil) of options were exercised during the year and 424,785 (2023: nil) shares were exercisable.

PSP – 173,123 (2023: 26,602) of options were exercised during the year and 183,810 (2023: 56,929) shares were exercisable.

Charge for share based incentive schemes

The total charge for the year relating to employee share-based plans were £26k (2023: £601k), all of which related to equity-settled share-based payment transactions.

27. Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following as at 31 May:

	2024 £000	2023 £000
Cash at bank and in hand	14,935	8,909
	14,935	**8,909**

At 31 May 2024, the Group had an available overdraft facility of £12.5m (2023: £12.5m). In August 2024, the overdraft facility was renewed at a level of £7.5m.

28. Capital risk management

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of equity attributable to equity holders of the parent Company and its subsidiary, comprising issued capital, reserves and retained earnings, all as disclosed in the balance sheet. The Group is not subject to externally imposed capital requirements other than those included, from time to time, in the financial covenants associated with bank borrowing.

29. Financial risk management

The Group is exposed to a variety of financial risks which result from both its operating and investing activities. The Group's risk management is coordinated by the Board of Directors, and focuses on actively securing the Group's short to medium term cash flows by minimising the exposure to financial markets.

29.1. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

29.2. Interest risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the interest rate risk relates primarily to its floating rate borrowings.

The responsibility for setting the level of fixed rate debt lies with the Board and is continually reviewed in the light of economic data provided by a variety of sources.

	2024 £000	2023 £000
Financial liabilities at fixed rate	30,000	42,017
Financial liabilities at floating rate	54,839	70,673
Non-interest-bearing financial liabilities	24,241	49,475
	129,080	**162,165**

Interest rate sensitivity analysis

The table below details the Group's sensitivity to increase or decrease of floating interest rates by 0.5%, which the Directors consider to be a reasonably possible change. The analysis was applied to loans and borrowings (financial liabilities) based on the assumption that the amount of liability outstanding as at the balance sheet date was outstanding for the whole year.

	Bank of England SONIA rate 31 May 2024		Bank of England SONIA rate 31 May 2023	
	Interest rate +0.5% £000	Interest rate –0.5% £000	Interest rate +0.5% £000	Interest rate –0.5% £000
(Loss) / profit	(274)	274	(353)	353

Limitations of sensitivity analysis

The above tables demonstrate the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results. The sensitivity analysis does not take into consideration that the Group's assets and liabilities are actively managed. Additionally, the financial position of the Group may vary at the time that any actual market movement occurs.

29. Financial risk management (continued)

29.2. Inherent risk (continued)

Other limitations in the above sensitivity analysis include the use of hypothetical market movements to demonstrate potential risk that only represent the Group's view of possible near-term market changes that cannot be predicted and the assumption that all interest rates move in an identical fashion.

This analysis is for illustrative purposes only, as in practice market rates rarely change in isolation of other factors that also affect Group's financial position and results.

Management believe that fair value of the loans, borrowings and finance lease obligations approximates their carrying amounts as the majority of obligations bear interest rates approximating market rates at 31 May 2024.

29.3. Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its liabilities as they fall due. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, medium to long term borrowings and leases. The Directors continually assess the balance of capital and debt of the Group.

They consider the security of capital funding against the potentially higher rates of return offered by debt financing in order to set an efficient but stable balance appropriate to the size of the Group.

The Board reviews projects against build programmes and contractual agreements to avoid any risk of incurring contractual penalties or damaging the Group's reputations, which would in turn reduce the Group's ability to borrow at optimal rates. Covenant tests are continually reviewed to ensure covenant criteria are met in the event of deterioration in market conditions.

The maturity profile of the Group and parent Company's financial liabilities based on contractual undiscounted payments (including interest payments) is as follows:

31 May 2024	**Carrying amount £000**	**Total minimum future payment £000**	**Within 1 year £000**	**Within 1-2 years £000**	**Within 2-5 years £000**	**Greater than 5 years £000**
Accounts payable	44,241	44,241	44,241	-	-	-
Bank borrowings	54,839	55,000	55,000	-	-	-
Deferred consideration	24,462	25,140	7,695	7,695	9,750	-
Leases	5,538	6,842	1,904	488	2,938	1,512
	129,080	**131,223**	**108,840**	**8,183**	**12,688**	**1,512**

31 May 2023	**Carrying amount £000**	**Total minimum future payment £000**	**Within 1 year £000**	**Within 1-2 years £000**	**Within 2-5 years £000**	**Greater than 5 years £000**
Accounts payable	49,475	49,475	49,475	-	-	-
Bank borrowings	70,673	71,000	-	71,000	-	-
Deferred consideration	36,117	37,281	12,271	7,695	17,315	-
Leases	5,900	7,014	2,236	1,645	2,314	819
	162,165	**164,770**	**63,982**	**80,340**	**19,629**	**819**

29. Financial risk management (continued)

29.4 Credit risk

The nature of Scotland's housing industry and the legal framework surrounding it results in the Group having a low exposure to credit risk.

Credit risk is the risk that a customer may default or not meet its obligations to the Group on a timely basis, leading to financial losses to the Group.

The Group's maximum exposure to credit risk in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the balance sheet. At the balance sheet date, there was no significant concentration of credit risk to the Group.

The Group manages credit risk actively monitoring its level of trade receivables and following up when they are overdue more than three months. The ageing profile of trade receivables was:

	31 May 2024		31 May 2023	
	Total book value £000	Allowance for impairment £000	Total book value £000	Allowance for impairment £000
Current	8,959	-	8,827	-
Overdue 90 days	948	112	275	-
	9,907	**112**	**9,102**	**-**

During the year, the Group had no charge for impairment for trade receivables.

The ageing profile of other receivables was:

	31 May 2024		31 May 2023	
	Total book value £000	Allowance for impairment £000	Total book value £000	Allowance for impairment £000
Current	7,696	-	7,270	-
Non-current	5,000	-	5,000	-
	12,696	**-**	**12,270**	**-**

During the year, the Group had no charge for impairment for other receivables.

30. Transactions with related parties

Other related parties include transactions with retirement schemes in which Directors and close family members of key management personnel are beneficiaries. During the year, dividends totalling £nil (2023: £1,854k) were paid to key management personnel (Board of Directors and the members of the Operational Board). Dividends were paid to Board of Directors as follows:

Name of Director	2024 £000	2023 £000
Mr Sandy Adam	-	1,776
Mr Innes Smith	-	43
Ms Michelle Motion	-	5
Mr Matthew Benson	-	1
Mr Roger Eddie	-	2
Mr Colin Rae	-	1
Mr Nick Cooper	-	1
	-	**1,829**

The remuneration of the key management personnel (Plc Directors and Group Directors) of Springfield Properties Plc is set out below in aggregate for each of the categories specified in IAS 24 – Related Party Disclosures:

	2024 £000	2023 £000
Short-term employee benefits	2,542	2,696
Share-based payments	248	555
Post-employment benefits	9	208
	2,799	**3,459**

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

	Sale of goods		Purchase of goods	
	2024 £000	2023 £000	2024 £000	2023 £000
Bertha Park Limited (1)	4,906	13,751	319	-
Other entities that key management personnel have control, significant influence or hold a material interest in	41	76	20	325
Key management personnel	46	244	-	-
Other related parties	156	1	2,016	1,616
	5,149	**14,072**	**2,355**	**1,941**

Sales to related parties represent those undertaken in the ordinary course of business.

	Rent paid	
	2024 £000	2023 £000
Entities that key management personnel have control, significant influence or hold a material interest in	80	162
Key management personnel	-	3
Other related parties	64	100
	144	**265**

30. Transactions with related parties (continued)

	2024 £000	2023 £000
Interest received:		
Entities that key management personnel have control, significant influence or hold a material interest in (short-term)	125	125
	125	**125**

The following amounts were outstanding at the reporting end date:

	2024 £000	2023 £000
Amounts receivable:		
Bertha Park Limited (1)	7,259	8,524
Other entities that key management personnel have control, significant influence or hold a material interest in (short-term)	-	5
Key management personnel	1	-
Other related parties	36	-
	7,296	**8,529**

	2024 £000	2023 £000
Accounts payable:		
Entities which key management personnel have control, significant influence or hold a material interest in (short-term)	-	62
Other related parties	2,343	678
	2,343	**740**

Amounts owed to/from related parties are included within creditors and debtors respectively at the year-end. No security has been provided on any balances.

Transactions between Group companies have been eliminated on consolidation and are not disclosed in this note.

(1) Bertha Park Limited is a Company in which Sandy Adam and Innes Smith are Directors. During the year the Group made sales to Bertha Park Limited of £4,906k (2023: £13,751k) in relation to a build contract. At the year-end £2,259k (2023: £3,399k) is included in trade debtors and included within other debtors is a loan of £5,000k (2022: £5,125k). During the year the Group had purchases from Bertha Park Limited of £319 (2023: £nil) in relation to a build contract.

31. Commitments and guarantees

In the ordinary course of the Group's business the Group is required to enter into performance bond arrangements. At 31 May 2024, the Group had bonds of £41,986k (2023: £36,473k) provided by financial institutions.

Capital commitments

	2024 £000	2023 £000
Call and put options for the purchase of plots for development	**24,078**	**27,275**

32. Analysis of net debt

The Analysis of net debt is as follows:

	2024 £000	2023 £000
Cash in hand and bank	14,935	8,909
Bank borrowings	(54,839)	(70,673)
	(39,904)	(61,764)
Lease liability	(5,538)	(5,900)
Net debt	**(45,442)**	**(67,664)**
Deferred consideration	(24,462)	(36,117)
	(69,904)	**(103,781)**

Reconciliation of net cashflow to movement in net debt is as follows:

	At 1 June 2023 £000	New leases £000	Cashflow £000	Fair value £000	At 31 May 2024 £000
Cash and cash equivalents	8,909	-	6,026	-	14,935
Bank borrowings	(70,673)	-	15,834	-	(54,839)
Leases	(5,900)	(1,593)	2,234	(279)	(5,538)
Net debt	**(67,664)**	**(1,593)**	**24,094**	**(279)**	**(45,442)**
Deferred consideration	(36,117)	-	12,141	(486)	(24,462)
	(103,781)	**(1,593)**	**36,235**	**(765)**	**(69,904)**

	At 1 June 2022 £000	New leases £000	On acquisition £000	Cashflow £000	Fair value £000	At 31 May 2023 £000
Cash and cash equivalents	16,390	-	-	(7,481)	-	8,909
Bank borrowings	(50,486)	-	-	(20,187)	-	(70,673)
Leases	(3,954)	(3,694)	-	2,147	(399)	(5,900)
Net (debt)/cash	**(38,050)**	**(3,694)**	**-**	**(25,521)**	**(399)**	**(67,664)**
Deferred consideration	(12,574)	-	(30,781)	6,137	1,101	(36,117)
	(50,624)	**(3,694)**	**(30,781)**	**(19,384)**	**702**	**(103,781)**

FINANCIAL STATEMENTS
COMPANY BALANCE SHEET
AS AT 31 MAY 2024

	Note	2024 £000	2023 £000
Non-current assets			
Property, plant and equipment	**2**	2,177	2,162
Intangible assets	**3**	629	641
Investments	**4**	132,697	132,697
Deferred taxation	**11**	104	99
Trade and other receivables	**6**	5,000	5,000
		140,607	**140,599**
Current assets			
Inventories	**5**	105,076	114,533
Trade and other receivables	**6**	31,299	32,011
Cash and cash equivalents	**15**	3,086	2,470
		139,461	**149,014**
Total assets		**280,068**	**289,613**
Current liabilities			
Trade and other payables	**7**	124,000	112,136
Deferred consideration	**12**	-	6,494
Short-term obligations under lease liabilities	**10**	168	236
Short-term bank borrowings	**9**	54,839	-
Provision	**13**	1,096	886
Corporation tax		880	-
		180,983	**119,752**
Non-current liabilities			
Long-term bank borrowings	**9**	-	70,673
Long-term obligations under lease liabilities	**10**	1,837	1,034
Contingent consideration	**13**	2,000	2,000
Provisions	**13**	2,252	1,191
		6,089	**74,898**
Total liabilities		**187,072**	**194,650**
Net assets		**92,996**	**94,963**
Equity			
Share capital	**14**	148	148
Share premium	**14**	78,744	78,744
Retained earnings		14,104	16,071
Total equity		**92,996**	**94,963**

As permitted by s408 Companies Act 2006, the Company has not presented its own profit and loss account and related notes. The Company's loss for the year was £1,992,624 (2023: £4,273,216).

These financial statements were approved by the Board of Directors on 16 September 2024.
Signed on behalf of the Board by:

Sandy Adam
Executive Chairman **Company number: SC031286**

Company accounting policies are in line with Group – See Group Note 2. The accompanying notes on pages 110 to 128 form an integral part of these financial statements.

FINANCIAL STATEMENTS

COMPANY STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 MAY 2024

	Share capital £000	Share premium £000	Retained earnings £000	Total £000
1 June 2022	**148**	**78,744**	**25,311**	**104,203**
Total comprehensive income for the year	-	-	(4,273)	(4,273)
Dividends	-	-	(5,568)	(5,568)
Share-based payments	-	-	601	601
31 May 2023	**148**	**78,744**	**16,071**	**94,963**
Total comprehensive expenditure for the year	-	-	(1,993)	(1,993)
Share-based payments	-	-	26	26
31 May 2024	**148**	**78,744**	**14,104**	**92,996**

The share capital account records the nominal value of shares issued.

The share premium account records the amount above the nominal value received for shares issued, less share issue costs.

Retained earnings represents accumulated profits less losses and distributions. Retained earnings also includes share based payments.

Company accounting policies are in line with Group – See Group Note 2.

The accompanying notes on pages 110 to 128 form an integral part of these financial statements.

FINANCIAL STATEMENTS

COMPANY STATEMENT OF CASH FLOWS
YEAR TO 31 MAY 2024

	Note	2024 £000	2023 £000
Cash flows generated from operations			
Loss for the year		(1,993)	(4,273)
Adjusted for:			
Exceptional items		111	8
Taxation credit		(5)	(237)
Finance costs		7,179	4,446
Finance income		(125)	(125)
Adjusted operating profit before working capital movement		**5,167**	**(181)**
Gain on disposal of tangible fixed assets		(65)	(164)
Exceptional items – cash movement		(111)	(8)
Depreciation and impairment of tangible fixed assets	**2**	384	559
Amortisation and impairment of intangible fixed assets	**3**	12	8
Share based payments	**14**	26	601
Operating cash flows before movements in working capital		**5,413**	**815**
Decrease/ (increase) in inventory		8,207	(9,617)
Decrease/ (increase) and other receivables		3,468	(218)
Increase in accounts and other payables		13,524	8,095
Net cash generated/(used) from operations		**30,612**	**(925)**
Taxation paid		(550)	(1,900)
Net cash inflow/(outflow)from operating activities		**30,062**	**(2,825)**
Investing activities			
Purchase of property, plant and equipment	**2**	(21)	(100)
Proceeds on disposal of property, plant and equipment		106	324
Purchase of intangible fixed assets		-	(30)
Subsidiary acquisition deferred payment	**12**	(6,500)	(6,138)
Interest received		125	125
Net cash used in investing activities		**(6,290)**	**(5,819)**
Financing activities			
Proceeds from bank loans	**19**	(15,834)	20,187
Payment of lease liabilities	**19**	(180)	(323)
Dividends paid		-	(5,568)
Interest paid		(7,142)	(4,255)
Net cash (outflow)/inflow from financing activities		**(23,156)**	**10,041**
Net increase in cash and cash equivalents		**616**	**1,397**
Cash and cash equivalents at beginning of year		2,470	1,073
Cash and cash equivalents at end of year	**15**	**3,086**	**2,470**

Company accounting policies are in line with Group – See Group Note 2.

The accompanying notes on pages 110 to 128 form an integral part of these financial statements.

FINANCIAL STATEMENTS
NOTES TO THE COMPANY FINANCIAL STATEMENTS
YEAR ENDED 31 MAY 2024

1. Staff costs

The average monthly number of employees (including Executive Directors) for the continuing operations was:

	2024	2023
Building staff	221	341
Administrative staff	169	170
	390	**511**

	2024	2023
	£000	£000
Wages and salaries	17,646	22,312
Share based payments	26	601
Social security costs	1,950	2,434
Pension costs	800	930
	20,422	**26,277**

The charge to the profit and loss account in respect of defined contribution schemes was £800k (2023: £930k). Contributions totalling £134k (2023: £150k) were payable to the fund at the year-end and are included in creditors.

2. Property, plant and equipment

	2024	2023
	£000	£000
Property, plant and equipment	378	1,041
Right-of-use assets	1,799	1,121
Total property, plant and equipment	**2,177**	**2,162**

2. Property, plant and equipment (continued)

	Land and buildings £000	Plant and machinery £000	Fixtures, fittings & equipment £000	Total £000
Cost				
At 1 June 2022	986	2,227	1,633	4,846
Additions	-	32	68	100
Disposals	(142)	-	(13)	(155)
At 31 May 2023	844	2,259	1,688	4,791
Additions	-	5	16	21
Disposals	(585)	(103)	(7)	(695)
At 31 May 2024	**259**	**2,161**	**1,697**	**4,117**
Accumulated depreciation				
At 1 June 2022	148	2,118	1,200	3,466
Depreciation charge	25	106	185	316
Disposals	(26)	-	(6)	(32)
At 31 May 2023	147	2,224	1,379	3,750
Depreciation charge	11	9	131	151
Disposals	(58)	(102)	(2)	(162)
At 31 May 2024	**100**	**2,131**	**1,508**	**3,739**
Net book value				
At 31 May 2024	**159**	**30**	**189**	**378**
At 31 May 2023	**697**	**35**	**309**	**1,041**
At 31 May 2022	**838**	**109**	**433**	**1,380**

2. Property, plant and equipment (continued)

Right-of-use assets	Land and buildings £000	Fixtures, fittings & equipment £000	Total £000
Cost			
At 1 June 2022	2,048	31	2,079
Additions	-	17	17
At 31 May 2023	2,048	48	2,096
Additions	911	-	911
Disposals	-	(15)	(15)
At 31 May 2024	**2,959**	**33**	**2,992**
Accumulated depreciation			
At 1 June 2022	712	20	732
Depreciation charge	230	13	243
At 31 May 2023	942	33	975
Depreciation charge	226	7	233
Disposals	-	(15)	(15)
At 31 May 2024	**1,168**	**25**	**1,193**
Net book value			
At 31 May 2024	**1,791**	**8**	**1,799**
At 31 May 2023	**1,106**	**15**	**1,121**
At 31 May 2022	**1,336**	**11**	**1,347**

3. Intangible fixed assets

	Marketing-related assets £000
Cost	
1 June 2022	619
Additions	30
At 31 May 2023 and 31 May 2024	649
Amortisation	
At 1 June 2022	-
Amortisation	8
At 31 May 2023	8
Amortisation	12
At 31 May 2024	20
Net book value	
At 31 May 2023	**629**
At 31 May 2022	**641**
At31 May 2021	**619**

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3. Intangible fixed assets (continued)

Marketing-related assets comprises of the Springfield trademark asset which has been measured at cost. Market-related assets are expected to have an indefinite useful life. The recoverable amount of the marketing intangible has been determined based on a value in use calculation using cash flow projections based on the actual results for Springfield company only for the year ended 31 May 2024 and the board approved budget to May 2025 with two further years added to May 2027 and a final year based on a growth rate of 5% per annum.

The discount rate applied to cash flows is 12% based on an estimated market rate of interest applied. As a result of the impairment review, there has been no impairment to the carrying value of the intangible assets. The Directors believe that any reasonably possible further change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed the recoverable amount.

4. Fixed asset investments

	2024 £000	2023 £000
Cost		
Investment in subsidiaries	169,697	169,697
Provision for impairment		
Impairment	(37,000)	(37,000)
Net book value	**132,697**	**132,697**

Movement in fixed asset investments

	Share in Group undertakings £000	Total £000
Cost		
At 1 June 2022	91,467	91,467
Additions	78,230	78,230
At 31 May 2023 and 31 May 2024	169,697	169,697
Provisions for impairment		
At 1 June 2022	(37,000)	(37,000)
Impairment	-	-
At 31 May 2023 and 31 May 2024	(37,000)	(37,000)
Net book value		
At 31 May 2024	**132,697**	**132,697**
At 31 May 2023	**132,697**	**132,697**
At 31 May 2022	**132,697**	**132,697**

Impairment is as a result of a £37,000k dividend from Walker Holdings (Scotland) Limited in the month after acquisition in January 2019.

During the year, the company purchased 100% of the share capital of SP SUB 2024 Limited. This company has yet to trade.

4. Fixed asset investments (continued)

Details of the Company's subsidiaries and jointly owned entities at 31 May 2024 are as follows:

Name of undertaking	Nature of business	Class of shares held	% Held
Glassgreen Hire Limited	Hire of plant and machinery	Ordinary	100%
Dawn Homes Holdings Limited	Holding Company	Ordinary	100%
Dawn Homes Limited *	Housebuilder/Construction	Ordinary	100%
Dawn Homes (Residential) Limited *	Buying and selling of own real estate	Ordinary	100%
Dawn Homes (Cambuslang) Limited *	Housebuilder/Construction	Ordinary	100%
Walker Group Springfield (Holdings) Limited	Housebuilders/ property development/ management services	Ordinary	100%
Walker Group (Scotland) Limited) *	Housebuilders/Construction	Ordinary	100%
Walker Contracts (Scotland) Limited *	Dormant	Ordinary	100%
Walker Residential (Scotland) Limited*	Dormant	Ordinary	100%
Walker Group Developments Limited *	Dormant	Ordinary	100%
Tulloch Homes Holdings Limited	Holding Company	Ordinary	100%
Tulloch Homes Group Limited *	Housebuilder/Construction	Ordinary	100%
Tulloch Homes Express Limited *	Housebuilder/Construction	Ordinary	100%
Tulloch Homes Limited *	Housebuilder/Construction	Ordinary	100%
Tulloch Limited *	Housebuilder/Construction	Ordinary	100%
Argyll Developments (Scotland) Limited*	Housebuilder/Construction	Ordinary	100%
Tulloch Homes (Drumossie) Limited*	Housebuilder/Construction	Ordinary	100%
Argyll Homes (Hamilton) Limited *	Housebuilder/Construction	Ordinary	100%
Springfield Timber Kit Systems Limited	Timber Kit Manufacturing	Ordinary	100%
Springfield M&M Homes Limited	Housebuilder/Construction	Ordinary	100%
SP SUB 2024 Limited	Dormant	Ordinary	100%

All of the above have a registered office address of:
Alexander Fleming House 8 Southfield Drive Elgin, Morayshire IV30 6GR
*Indirectly held subsidiary

5. Inventories

	2024 £000	2023 £000
Work in progress	105,076	114,533
	105,076	**114,533**

6. Trade and other receivables

Amounts falling due within one year

	2024 £000	2023 £000
Trade receivables	5,640	8,152
Other receivables	5,142	6,477
Contract assets	6,708	4,383
Amounts due from Group undertakings	13,385	12,717
Prepayments and accrued income	424	282
	31,299	**32,011**

Revenue recognised in the year ended 31 May 2024 included £10,742k (2023: £3,973k) from projects that were included in the contract assets balance at 31 May 2023.

The Directors consider the carrying amount of the receivables approximates to their fair value.

The Company's exposure to credit risk is limited by the fact that the Company generally receives cash at the point of legal completion of its sales. There are certain categories of revenue where this is not the case; for instance, housing association revenues or land sales where management considers that the credit ratings of these various debtors are strong and therefore credit risk is low. Loans to related parties have also been assessed as low credit risk based on the expected profitability of their future contracts. The Company has low concentration of credit risk, with exposure spread over a large number of customers and developments. The maximum exposure to credit risk at 31 May 2024 is represented by the carrying amount of each financial asset.

Amounts falling due after one year

	2024 £000	2023 £000
Other receivables	5,000	5,000
	5,000	**5,000**

7. Trade and other payables

	2024 £000	2023 £000
Trade creditors	12,175	18,768
Other taxation and social security	2,039	749
Other creditors	160	153
Amounts due to Group undertakings	98,325	78,894
Contract liabilities	-	2,860
Accruals and deferred income	11,301	10,712
	124,000	**112,136**

The Directors consider the carrying amount of the accounts payable approximates to its fair value.

Revenue recognised in the year ended 31 May 2024 included £7,206k (2023: £5,641k) that was included in the contract liability balance at 31 May 2023. The Directors consider the carrying amount of the accounts payable approximates to their fair value.

8. Financial assets and liabilities

Assets	**2024**	**2023**
	£000	**£000**
Financial assets at amortised cost	36,920	32,722
Total	**36,920**	**32,722**

Liabilities	**2024**	**2023**
	£000	**£000**
Measured at amortised cost	176,326	185,888
Total	**176,326**	**185,888**

Included within financial assets at amortised cost is trade receivables, intercompany receivables, retentions and cash and cash equivalents.

Included within financial liabilities at amortised cost is long term bank borrowings, trade creditors, intercompany payables, short term obligations under lease liabilities, long term obligations under lease liabilities, deferred consideration and accruals.

9. Bank borrowings

	2024	**2023**
	£000	**£000**
Secured borrowings:		
Bank loans	54,839	70,673
Less: payable within on year	(54,839)	-
Payable after one year	**-**	**70,673**

The bank loan comprises of a revolving credit facility of £87.5m that was initially due to expire in January 2025. Subsequent to the year end, this has been extended for a further 12 months to January 2026. The facility attracts an interest rate of 2.75% per annum above Bank of England SONIA (Sterling overnight index average response rate) and is secured over certain of the Company's properties, with a 31 May 2024 work in progress value of £29.4m.

A term loan of £18.0m that had a repayment date in September 2024 was repaid in full in May 2024.

At 31 May 2024, the Group had available £32.5m (2023: £16.5m) of undrawn committed borrowing facilities.

10. Obligations under leases

Lease payments represent rentals payable by the Company for certain items of plant and machinery and buildings and are secured by the assets under lease in question. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. Leases are stated at the present value of the contractual payments due to the lessor over the lease term.

	2024	2023
Future minimum payments due:	**£000**	**£000**
Not later than one year	288	312
After one year but not more than five years	1,131	867
After five years	1,268	377
	2,687	1,556
Less finance charges allocated to future periods	(682)	(286)
	2,005	**1,270**
Present value of minimum lease payments is:		
Not later than one year	168	236
After one year but not more than five years	755	690
After five years	1,082	344
	2,005	**1,270**

11. Deferred taxation

	2022	Profit & loss account	2023	Profit & loss account	2024
	£000	**£000**	**£000**	**£000**	**£000**
Fixed assets – temporary differences	(88)	7	(81)	(6)	(87)
Other – temporary differences	(74)	56	(18)	1	(17)
	(162)	**63**	**(99)**	**(5)**	**(104)**

	2024	2023
	£000	**£000**
Deferred tax assets	104	99
	104	**99**

12. Deferred consideration

As part of the purchase agreement of Tulloch Homes Holdings Limited, there was a further £13,000,000 of deferred consideration payable. This can be broken down into: (i) £362,330 paid on 24 April 2022 (ii) £6,137,670 paid on 1 November 2022 and (iii) £6,500,000 paid in August 2023. The outstanding discounted amount payable at the period end is £nil (2023: £6,493,552).

	2024	2023
	£000	**£000**
Deferred consideration < 1 year	-	6,494
	-	**6,494**

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13. (a) Contingent consideration

As part of the purchase agreement of Dawn Homes Holdings Limited there was a further £2,500,000 payable for an area of land if (i) the Company makes a planning application when it reasonably believes the council will recommend approval; or (ii) it is zoned by the council. The Directors have assessed the likelihood of the land being zoned and have included a liability of £2,000,000 based on 80% probability.

The outstanding amount payable at the period end included within liabilities is £2,000,000 (2023: £2,000,000). The remaining £500,000 (20% on the £2,500,000 still to be paid) has been treated as a contingent liability due to the uncertainty over the future payment.

	2024 £000	2023 £000
Acquisition of Dawn Homes Holdings Limited	2,000	2,000
	2,000	**2,000**

13. (b) Provisions

Dilapidation provisions are included for all rented buildings. Maintenance provisions relate to costs to come on developments where the final homes have been handed over.

	2024 £000	2023 £000
Dilapidation provision	60	125
Provisions for onerous contracts	-	353
Maintenance provision	3,288	1,599
	3,348	**2,077**

The movement in the provision accounts are as follows:

	Dilapidation	Onerous contracts	Maintenance	Total
	£000	£000	£000	£000
Balance as at 1 June 2023	125	353	1,599	2,077
Additional provision	-	-	2,613	2,613
Amount utilised	(12)	(353)	(821)	(1,186)
Amount released	(53)	-	(103)	(156)
Balance as at 31 May 2024	60	-	3,288	3,348

	2024 £000	2023 £000
Provisions < 1 year	1,096	886
Provisions > 1 year	2,252	1,191
	3,348	**2,077**

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14. Share capital

The Company has one class of ordinary share which carry full voting rights but no right to fixed income or repayment of capital. The share capital account records the nominal value of shares issued.
The share premium account records the amount above the nominal value received for shares sold, less share issue costs.

Ordinary shares of 0.125p - allotted, called up and fully paid	**Number of shares**	**Share capital £000**	**Share premium £000**
At 1 June 2023	118,496,001	148	78,744
Share issue	173,123	-	-
At 31 May 2024	**118,669,124**	**148**	**78,744**

During the year, 173,123 shares (2023: 26,602) were issued in satisfaction of share options exercised for a consideration of £26 (2023: £33).

Share based payments

During the year the Company operated four share based schemes.

Share related share options scheme

The Company operates a Savings related Share Option Scheme which is open to all employees. Grant options were made in May 2021 and become exercisable after 3 years, subject to employees remaining in continuous employment. Employees enter into a savings contract with the Yorkshire Building Society who administers the scheme. The options are granted at a 10% discount of the share price at the date of grant and lapse if not exercised within six months of maturity. Special provisions apply to employees who leave their employment for ill health, redundancy or retirement.

Long-Term Incentive Plan (LTIP)

The Company operates a LTIP for senior management to retain and align their interests with shareholders. The LTIP is split into a CSOP, ESOP and Performance Share Plan (“PSP”) scheme. The PSP was introduced during the prior year and under it, key executives could be granted conditional “whole share” awards (i.e. rights to acquire shares where the individual is required to pay a zero or negligible exercise price) the vesting of which is normally conditional on both continued employment and the satisfaction of specified performance measures.

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14. Share capital (continued)

Share based payments (continued)

Fair value of share options

Options are valued using the Black-Scholes option-pricing model. No performance conditions are included in the fair value calculation of the CSOP and ESOP.

CSOP

	2024		2023	
	Number of shares	Weighted average exercise price (pence)	Number of shares	Weighted average exercise price (pence)
Options at the beginning of the year	606,413	115.28	627,558	115.33
Lapsed during the year	(22,775)	131.72	(21,145)	116.71
Options at the year end	583,638	114.64	606,413	115.28

Share option	Grant Price (p)	Number of shares at year end	Exercise price (p)	Vesting period (years)
CSOP – 16th October 2017	106.00	307,821	106.00	3
CSOP – 8th December 2017	111.00	27,027	111.00	3
CSOP – 3rd May 2018	134.00	22,388	134.00	3
CSOP – 16th May 2018	134.00	91,746	134.00	3
CSOP – 1st October 2018	122.50	98,165	122.50	3
CSOP – 4th June 2019	108.50	36,491	108.50	3

ESOP

	2024		2023	
	Number of shares	Weighted average exercise price (pence)	Number of shares	Weighted average exercise price (pence)
Options at the beginning of the year	1,727,589	118.84	1,746,570	118.84
Lapsed during the year	(44,108)	122.14	(18,981)	122.50
Options at the year end	1,683,481	118.71	1,727,589	118.80

Share option	Grant Price (p)	Number of shares at year end	Exercise price (p)	Vesting period (years)
ESOP – 16th October 2017	106.00	445,432	106.00	5
ESOP – 3rd May 2018	134.00	72,761	134.00	5
ESOP – 16th May 2018	134.00	11,157	134.00	5
ESOP – 1st October 2018	122.50	1,154,131	122.50	5

14. Share capital (continued)

Share based payments (continued)

SAYE

	2024		2023	
	Number of shares	**Weighted average exercise price (pence)**	**Number of shares**	**Weighted average exercise price (pence)**
Options at the beginning of the year	1,084,972	130.50	1,837,747	130.50
Lapsed during the year	(660,187)	130.50	(752,775)	130.50
Options at the year end	424,785	130.50	1,084,972	130.50

Share option	**Grant Price (p)**	**Number of shares at year end**	**Exercise price (p)**	**Vesting period (years)**
SAYE – 29th April 2021	145.00	424,785	130.50	3

PSP

	2024		2023	
	Number of shares	**Weighted average exercise price (pence)**	**Number of shares**	**Weighted average exercise price (pence)**
Options at the beginning of the year	2,853,274	0.13	2,368,181	0.13
Granted during the year	2,161,933	0.13	776,800	0.13
Lapsed during the year	(456,085)	0.13	(265,105)	0.13
Exercised during the year	(173,123)	0.13	(26,602)	0.13
Options at the year end	4,385,999	0.13	2,853,274	0.13

Share option	**Grant Price (p)**	**Number of shares at year end**	**Exercise price (p)**	**Vesting Period (years)**
PSP – 9th January 2020	0.13	24,132	0.13	3
PSP – 30th October 2020	0.13	159,678	0.13	3
PSP – 21st December 2021	0.13	1,263,456	0.13	3
PSP – 28th March 2023	0.13	776,800	0.13	3
PSP – 30th October 2024	0.13	2,161,933	0.13	3

14. Share capital (continued)

Share based payments (continued)

Inputs used to determine fair value of options

	CSOP	ESOP	SAYE	PSP
Expected volatility	29.00%	29.00%	29.00%	17.83%
Risk free interest rate	0.49%	0.49%	0.49%	-1.91%
Expected dividends	-	-	-	2.5%
Fair value of options	34.00p	39.00p	37.00p	49.04p
Charge per option	32.00p	37.00p	35.00p	49.04p

Expected volatility was calculated using historical share price information of the house-building sector for the CSOP, ESOP and SAYE and the 12 month average Springfield share price prior to the grant of the PSP options.

CSOP – nil (2023 – nil) of options were exercised during the year and 547,147 (2023: 606,413) shares were exercisable.

ESOP – nil (2023 – nil) of options were exercised during the year and 1,683,481 (2023: 1,727,589) shares were exercisable.

SAYE – nil (2023 – nil) of options were exercised during the year and 424,785 (2023: nil) shares were exercisable.

PSP – 173,123 (2023 – 26,602) of options were exercised during the year and 183,810 (2023: 56,929) shares were exercisable.

Charge for share based incentive schemes

The total charge for the year relating to employee share-based plans were £26k (2023: £601k), all of which related to equity-settled share-based payment transactions.

15. Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following as at 31 May:

	2024 £000	2023 £000
Cash at bank and in hand	3,086	2,470
	3,086	**2,470**

At 31 May 2024, the Company had an available overdraft facility of £12.5m (2023: £12.5m). In August 2024, the overdraft facility was renewed at a level of £7.5m.

16. Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of issued capital, reserves and retained earnings, all as disclosed in the balance sheet. The Company is not subject to externally imposed capital requirements other than those included, from time to time, in the financial covenants associated with bank borrowing.

17. Financial risk management

The Company is exposed to a variety of financial risks which result from both its operating and investing activities. The Company's risk management is coordinated by the Board of Directors, and focuses on actively securing the Company's short to medium term cash flows by minimising the exposure to financial markets.

17.1 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the interest rate risk relates primarily to its floating rate borrowings.

The responsibility for setting the level of fixed rate debt lies with the Board and is continually reviewed in the light of economic data provided by a variety of sources.

	2024	**2023**
	£000	**£000**
Financial liabilities at fixed rate	2,005	7,764
Financial liabilities at floating rate	54,839	70,673
Non-interest-bearing financial liabilities	119,482	107,451
	176,326	**185,888**

Interest rate sensitivity analysis

The table below details the Company's sensitivity to increase or decrease of floating interest rates by 0.5%, which the Directors consider to be a reasonably possible change. The analysis was applied to loans and borrowings (financial liabilities) based on the assumption that the amount of liability outstanding as at the balance sheet date was outstanding for the whole year.

	Bank of England SONIA rate 31 May 2024		**Bank of England SONIA rate 31 May 2023**	
	Interest rate +0.5% £000	Interest rate -0.5% £000	Interest rate +0.5% £000	Interest rate -0.5% £000
(Loss) / profit	(274)	274	(353)	353

17. Financial risk management (continued)

17.1 Market risk (continued)

Limitations of sensitivity analysis

The above tables demonstrate the effect of a change in a key assumption while other assumptions remain unchanged. In reality there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results. The sensitivity analysis does not take into consideration that the Company's assets and liabilities are actively managed. Additionally, the financial position of the Company may vary at the time that any actual market movement occurs.

Other limitations in the above sensitivity analysis include the use of hypothetical market movements to demonstrate potential risk that only represent the Company's view of possible near-term market changes that cannot be predicted and the assumption that all interest rates move in an identical fashion.

This analysis is for illustrative purposes only, as in practice market rates rarely change in isolation of other factors that also affect the Company's financial position and results.

Management believe that fair value of the loans, borrowings and finance lease obligations approximates their carrying amounts as the majority of obligations bear interest rates approximating market rates at 31 May 2022.

17.2 Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its liabilities as they fall due. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, medium to long term borrowings and hire purchase contracts. The Directors continually assess the balance of capital and debt of the Company. They consider the security of capital funding against the potentially higher rates of return offered by debt financing in order to set an efficient but stable balance appropriate to the size of the Company.

The Board reviews projects against build programmes and contractual agreements to avoid any risk of incurring contractual penalties or damaging the Company's reputation, which would in turn reduce the Company's ability to borrow at optimal rates. Covenant tests are continually reviewed to ensure covenant criteria are met in the event of deterioration in market conditions.

The maturity profile of the Company's financial liabilities based on contractual undiscounted payments (including interest payments) is as follows:

31 May 2024	**Carrying amount £000**	**Total minimum future payment £000**	**Within 1 year £000**	**Within 1-2 years £000**	**Within 2-5 years £000**	**Greater than 5 years £000**
Accounts payable	119,482	119,482	119,482	-	-	-
Bank borrowings	54,839	55,000	55,000	-	-	-
Leases	2,005	2,687	288	286	845	1,268
	176,326	**177,169**	**174,770**	**286**	**845**	**1,268**

17. Financial risk management (continued)

17.2 Liquidity risk (continued)

31 May 2023	Carrying amount £000	Total minimum future payment £000	Within 1 year £000	Within 1-2 years £000	Within 2-5 years £000	Greater than 5 years £000
Accounts payable	107,451	107,451	107,451	-	-	-
Bank borrowings	70,673	71,000	-	71,000	-	-
Deferred consideration	6,494	6,500	6,500	-	-	-
Leases	1,270	1,556	312	267	600	377
	185,888	**186,507**	**114,263**	**71,267**	**600**	**377**

17.3 Credit risk

Credit risk is the risk that a customer may default or not meet its obligations to the Company on a timely basis, leading to financial losses to the Company.

The Company's maximum exposure to credit risk in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the balance sheet. At the balance sheet date, there was no significant concentration of credit risk to the Company.

The Company manages credit risk by actively monitoring the level of trade receivables and following up when they are overdue more than three months.

The ageing profile of trade receivables was:

	31 May 2024		31 May 2023	
	Total book value £000	Allowance for impairment £000	Total book value £000	Allowance for impairment £000
Current	4,833	-	7,920	-
Overdue 90 days	807	112	232	-
	5,640	**112**	**8,152**	**-**

During the year, the Company had no allowance for impairment for trade receivables.

The ageing profile of other receivables was:

	31 May 2024		31 May 2023	
	Total book value £000	Allowance for impairment £000	Total book value £000	Allowance for impairment £000
Current	5,142	-	6,477	-
Non-current	5,000	-	5,000	-
	10,142	**-**	**11,477**	**-**

During the year the Company had no allowance for impairment for other receivables.

18. Transactions with related parties

Other related parties include transactions with retirement schemes in which Directors and close family members of key management personnel are beneficiaries. During the year, dividends totalling £nil (2023: £1,854k) were paid to key management personnel (Board of Directors and the members of the Operational Board). Dividends were paid to Board of Directors as follows:

Name of Director	2024 £000	2023 £000
Mr Sandy Adam	-	1,776
Mr Innes Smith	-	43
Ms Michelle Motion	-	5
Mr Matthew Benson	-	1
Mr Roger Eddie	-	2
Mr Colin Rae	-	1
Mr Nick Cooper	-	1
	-	**1,829**

The remuneration of the key management personnel (Plc Directors and Group Directors) of Springfield Properties Plc is set out below in aggregate for each of the categories specified in IAS 24 – Related Party Disclosures:

	2024 £000	2023 £000
Short-term employee benefits	2,240	2,696
Share-based payments	204	555
Post-employment benefits	8	208
	2,452	**3,459**

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

	Sale of goods		Purchase of goods	
	2024 £000	2023 £000	2024 £000	2023 £000
Bertha Park Limited (1)	4,737	13,390	319	-
Other entities that key management personnel have control, significant influence or hold a material interest in	39	37	19	325
Key management personnel	34	227	-	-
Other related parties	44	1	2,014	1,616
	4,854	**13,655**	**2,352**	**1,941**

Sales to related parties represent those undertaken in the ordinary course of business.

	Rent paid	
	2024 £000	2023 £000
Entities that key management personnel have control, significant influence or hold a material interest in	80	162
Key management personnel	-	3
Other related parties	64	100
	144	**265**

18. Transactions with related parties (continued)

	2024 £000	2023 £000
Interest received:		
Entities that key management personnel have control, significant influence or hold a material interest in (short-term)	125	125
	125	**125**

The following amounts were outstanding at the reporting end date:

	2024 £000	2023 £000
Amounts receivable:		
Amounts due from Group undertakings	13,385	15,876
Bertha Park Limited (1)	7,195	8,495
Other related parties	1	1
	20,581	**24,372**

	2024 £000	2023 £000
Amounts payable:		
Amounts due from Group undertakings	98,325	82,054
Entities that key management personnel have control, significant influence or hold a material interest in (short-term)	-	32
Other related parties	2,343	678
	100,668	**82,764**

Amounts owed to/from related parties are included within creditors and debtors respectively at the year-end. No security has been provided on any balances.

1) Bertha Park Limited is a Company in which Sandy Adam and Innes Smith are Directors. During the year the Group made sales to Bertha Park Limited of £4,737k (2023: £13,390k) in relation to a build contract. At the year-end £2,195 (2023: £3,370k) is included in trade debtors and included within other debtors is a loan of £5,000k (2023: £5,125k). During the year the Group had purchases from Bertha Park Limited of £319k (2023: £nil) in relation to a build contract.

Other related party transactions

During the year there were transactions between the Company and its subsidiaries as follows:

	2024 £000	2023 £000
Balance at 1 June 2023	(66,177)	(54,645)
Charges to/(from) subsidiary companies	(2,997)	1,064
Transfers of cash from subsidiary companies	(15,766)	(12,596)
Balance at 31 May 2024	**(84,940)**	**(66,177)**

During the period the company made purchases from related parties of £9,544k (2023: £5,900k) and sales to related parties of £2,485k (2023: £3,331k). Management charges of £4,062k (2023: £3,653k) were charged to subsidiary companies during the year.

£nil (2023: £10,000k) was transferred to Springfield M&M Homes Limited (subsidiary company) to fund the initial cash consideration for the acquisition of the housebuilding business of Mactaggart & Mickel Group Limited.

FINANCIAL STATEMENTS

NOTES TO THE COMPANY FINANCIAL STATEMENTS
YEAR TO 31 MAY 2024

19. Analysis of net debt

The analysis of net debt is as follows:

	2024 £000	2023 £000
Cash in hand and bank	3,086	2,470
Bank borrowings	(54,839)	(70,673)
	(51,753)	(68,203)
Lease liability	(2,005)	(1,270)
Net debt	**(53,758)**	**(69,473)**

Reconciliation of net cashflow to movement in net debt is as follows:

	At 1 June 2023	New Leases	Cashflow	Fair Value	At 31 May 2024
	£000	£000	£000	£000	£000
Cash and cash equivalents	2,470	-	616	-	3,086
Bank borrowings	(70,673)	-	15,834	-	(54,839)
Lease	(1,270)	(911)	180	(4)	(2,005)
Net debt	**(69,473)**	**(911)**	**16,630**	**(4)**	**(53,758)**
Deferred consideration	(6,494)	-	6,500	(6)	-
	(75,967)	**(911)**	**23,130**	**(10)**	**(53,758)**

	At 1 June 2022	New Leases	Cashflow	Fair Value	At 31 May 2023
	£000	£000	£000	£000	£000
Cash and cash equivalents	1,073	-	1,397	-	2,470
Bank borrowings	(50,486)	-	(20,187)	-	(70,673)
Lease	(1,484)	(17)	323	(92)	(1,270)
Net debt	**(50,897)**	**(17)**	**(18,467)**	**(92)**	**(69,473)**
Deferred consideration	(12,574)	-	6,137	(57)	(6,494)
	(63,471)	**(17)**	**(12,330)**	**(149)**	**(75,967)**