

Company Registration No. SC042957 (Scotland)

MCTAGGART CONSTRUCTION LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

MCTAGGART CONSTRUCTION LIMITED

COMPANY INFORMATION

Directors G Climson
P J Russell
A T Anderson

Company number SC042957

Registered office Tod House
Templand Road
Dalry
Ayrshire
United Kingdom
KA24 5EU

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Titanium 1
King's Inch Place
Renfrew
Renfrewshire
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MCTAGGART CONSTRUCTION LIMITED

CONTENTS

	Page
Strategic report	1 - 4
Directors' report	5 - 8
Independent auditor's report	9 - 11
Income statement	12
Statement of comprehensive income	13
Statement of financial position	14
Statement of changes in equity	15
Notes to the financial statements	16 - 35

MCTAGGART CONSTRUCTION LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2021

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

Review of business

Despite being a highly challenging year for the industry, the company delivered strong results.

The company temporarily ceased trading on the 25th March 2020 following a Government enforced lockdown, with a phased return not commencing until June 2020. This closure significantly impacted the turnover reported in the year.

Nevertheless, whilst Contract revenue decreased overall (£64.8m vs £73.3m), this in fact represents a pro-rata increase when the three non-trading months due to the covid lockdown are taken into account.

Additional resources were also required to assist in the implementation of adjustments to operational procedures, ensuring a covid-safe working environment for all of our staff and subcontractors. Remobilisation costs and associated covid expenditure resulted in a significantly decreased net profit yield.

The company experienced reduced levels of productivity across most sites for the rest of the year for varying reasons. Primarily, the misalignment of supply chain infrastructure with the post lockdown return to work of the construction industry hampered a smooth transition back to full productivity. Notwithstanding this, continued covid restrictions, employee unavailability due to isolation protocols and overall uncertainty of the wider implications of covid made the entire year extremely challenging.

Despite the unique challenges encountered, and thanks to the resilience and efforts of our staff and workforce, our overall performance exceeded expectations for the year.

This can be seen in the Gross Profit improvement with £5,516,975 reported for the year (2020 - £4,395,128), a substantial increase in spite of the covid difficulties.

We have secured positions on a number of housing frameworks in recent years which has provided a strong pipeline of work for the coming years. The business strategy continues to be robust and with a healthy future order book and the group continues to move in a positive direction with future turnover anticipated to reach record levels over the following few years.

A resilient balance sheet saw the company through the challenges of 2020 and remained strong at the period end with cash reserves of £12,658,174 (2020 - £14,868,412) and net assets of £9,016,380 (2020 - £8,996,345).

Overall, the Directors are pleased with the performance and the robust closing net asset position.

MCTAGGART CONSTRUCTION LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Principal risks and uncertainties

The company provides construction services across Scotland. The construction industry is a heavily regulated industry and as the company grows, its risk environment becomes more complex. It is therefore essential that the company effectively identifies, evaluates, manages and mitigates its risks, and that it continues to evolve its approach to risk management.

The main risks and uncertainties affecting the company come from its participation in the construction industry and include:

- The general economic conditions impacting the construction and housing sectors.
- The increase in the regulatory environment including Health & Safety, Local Authority Consents and Utilities.
- Potential skills shortage resulting from an increased level of contracting opportunities.
- The competitive nature of our industry.
- Covid related uncertainties i.e. further lockdowns, changes to safety guidance, the isolation of staff and subcontractors.
- Material shortages, price increases and increased lead times are likely to be the single biggest issue we face in 2021.

We are now facing the impact of the UK's withdrawal from the EU. Unprecedented challenges relating to the importing of materials and an industry-wide labour shortage have been the main issues. These problem areas have been further compounded by covid.

The directors meet regularly to consider the principal risks and uncertainties and believe that our group structure and experienced and skilled workforce leave us in a strong position to meet these challenges.

Key performance indicators

Our key performance indicators are turnover and gross margin, as detailed within the Review of business above.

Financial Instruments

Financial risks remain low thanks to strong cash reserves and its low gearing position. The company predominately trades with Housing Associations based in Scotland and as such, it is subject to low credit risk and no forex risk.

Our financial risk management objectives are to ensure sufficient working capital and cash flow for the company and to ensure there is adequate support for its growth strategy. Based on our successful working capital management and strong balance sheet/liquidity position, the decision was made not to renew our overdraft facility this year and we remain trading without any external debt support.

No treasury transactions or derivatives are entered into.

MCTAGGART CONSTRUCTION LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Section 172 statement

The directors of the group believe that they have acted in the way they consider to be both in good faith and would be most likely to promote the success of the group for the benefit of its members as a whole. The duties of the directors are detailed in section 172 of the UK Companies Act 2006 which is summarised as follows:

A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matters) to:

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

The company's business plan is based around achieving the group's vision of building sustainable homes and partnerships which go beyond bricks and mortar, adding tangible value to the communities we help create.

Business conduct and relationships

We understand the importance of engaging with all our stakeholders and the directors regularly discuss issues concerning employees, clients, suppliers, community and environment, health and safety and shareholders which inform our decision making processes. The directors are aware that their strategic decisions can have long term implications for the business and its stakeholders, and these implications are carefully assessed.

We aim to build positive working relationships and partnerships with clients, design teams and throughout our supply chain. We work hard to develop and maintain these relationships as they are central to our sustainable business ethos. Our aim is to build strong stable long term working relationships with them and to be fair and transparent in all our dealings.

Employees

We believe the core strength of the group is its people and we are committed to being a responsible business and employer. The group aims to recruit, develop, motivate and retain the best talent. For the business to succeed we need to engage and enable our people to perform at their best, develop their skills and capabilities, while ensuring we operate as efficiently and productively as possible.

Education & training, particularly young people, remain of key importance to the group and continued investment in this area is planned, helping to meet the industry wide skills shortage issue over the coming years.

We take active steps to ensure that the views and interests of our people are captured and considered in our decision-making. Equally, we ensure employees are kept up to date with information regularly as regards to the group's strategy and performance.

Community and environment

The group's environmental commitment is to adopt and promote industry standards and best practices, enhancing awareness of environmental responsibilities and a reduction in harmful emissions.

The group continues to be actively involved and supportive of its local communities. We support our people who regularly engage in volunteering and charitable activities at a local level and we actively promote and recognise their achievements throughout the organisation.

The company has agreed to support 65 young people through the Kickstart Initiative during 2021. The investment McTaggart has made in developing the skills of these young people goes beyond the facilitation of a funded work placement. The McTaggart Group views initiatives such as kickstart as a way to identify new talent, support our sub-contractors and support our clients wider regeneration agenda.

MCTAGGART CONSTRUCTION LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Shareholders and investors

The directors are committed to openly engaging with our shareholders and investors, as we recognise the importance of transparency and a continuing effective dialogue. It is important to us that all stakeholders understand our strategy and objectives, and the company is committed to considering properly their questions, issues or feedback received.

On behalf of the board

G Climson

Director

8 September 2021

MCTAGGART CONSTRUCTION LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The directors present their annual report and financial statements for the year ended 31 March 2021.

Principal activities

The principal activity of the company continued to be that of construction and development of residential housing for both the private and public sectors.

Results and dividends

The results for the year are set out on page 12.

Ordinary dividends were paid amounting to £490,010. The directors do not recommend payment of a further dividend.

Directors

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

G Climson
P J Russell
A T Anderson

Auditor

The auditor, Azets Audit Services is deemed to be reappointed under section 487(2) of the Companies Act 2006.

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

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

MCTAGGART CONSTRUCTION LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Energy and carbon report

Streamlined Energy and Carbon Reporting (SECR) is presented in accordance with The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 which introduced energy and carbon reporting requirements for large unquoted companies in the UK. Large unquoted companies are obliged to report their UK energy use and associated GHG emissions as a minimum relating to gas, electricity, and transport fuel, as well as an intensity ratio and information relating to energy efficiency actions, through their annual reports. McTaggart Construction Limited meets the criteria of a large unquoted company.

	Units	FY 2020/21	FY 2019/20
Scope 1			
Gas Combustion	kWh	2,578,709.75	290,088.82
	T CO2e	474.15	53.33
Consumption of fuel	kWh	1,530,776.54	3,652,261.19
	T CO2e	386.71	928.22
Total Scope 1	kWh	4,109,486.29	3,942,350.01
	T CO2e	860.86	981.55
Scope 2			
Purchase of Grid Electricity	kWh	1,410,968.74	1,303,305.95
	T CO2e	328.95	333.13
Total Scope 2	kWh	1,410,968.74	1,303,305.95
	T CO2e	328.95	333.13
Scope 3			
Business Travel: Employee & Hired Vehicles	kWh	207,056.87	633,503.97
	T CO2e	52.11	153.33
Total Scope 3	kWh	207,056.87	1,303,305.95
	T CO2e	52.11	333.13
Total All Scopes	kWh	5,727,511.90	5,879,159.93
	T CO2e	1,241.93	1,468.01
<i>Voluntary GHG Disclosure (gas oil generators)</i>	<i>kWh</i>	<i>657,104.01</i>	<i>1,180,545.80</i>
	<i>T CO2e</i>	<i>168.69</i>	<i>303.12</i>
Intensity Ratio	T CO2e per £m revenue	18.43	17.34

MCTAGGART CONSTRUCTION LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Quantification and reporting methodology

The energy and emissions data presented here include all UK operations of McTaggart Construction Limited, where they have operational control in the financial year. The methodologies used in calculating total energy and greenhouse gas (GHG) emissions include the GHG Protocol Corporate Standard, the 2019 HM Government Environmental Reporting Guidelines, and the 2020 UK Government's Conversion Factors for Company Reporting.

Data on gas/fuel combustion in stationary and mobile equipment and purchased electricity was sourced from fuel invoices, change of responsibility forms and meter readings. Transport fuel and mileage data was sourced from the car model, personal mileage claims and internal mileage records on owned and hired vehicles.

For unquoted companies, fugitive emissions from refrigerants do not require to be reported under SECR and these have not been included. In addition to the minimally required Scope 1 energy and carbon reporting, McTaggart have voluntarily reported on gas oil combustion in generators.

It should be noted that due to the Covid-19 pandemic, the energy consumption associated with company vehicles in the FY 2020/21 is significantly lower compared to the previous reporting year. In FY2020/21, the number of temporary construction sites and associated temporary accommodation units increased significantly compared to FY2019/20 and were consuming energy for an additional nine weeks due to the national lockdown. The combination of these factors has resulted in a higher consumption of natural gas and electricity during this reporting period.

Intensity measurement

The chosen intensity measurement is tonnes of CO₂e per total £m revenue. The intensity ratio was calculated by dividing total GHG emissions (tonnes) by total revenue for each financial year 01 April - 31 March.

Measures taken to improve energy efficiency

2019-2020 Energy Efficiency Measures

Introduction of energy efficient portable accommodation units across all construction sites. They have been Energy Performance Asset Rated which indicates the energy efficiency of the building fabric, heating, cooling, lighting, and ventilation systems, making them Eco friendly. They include environmentally friendly features such as double-glazed windows that improve U-Values, thermostat / timer-controlled heating system, heavy duty door closers to retain heat, passive infra-red (PIR) sensors to operate lighting, window shutters and insulated external doors.

A biomass boiler has been installed and used to provide heating and hot water in the head office in Dalry, North Ayrshire.

A vehicle charging point has also been installed and used in the Dalry office.

2020-2021 Energy Efficiency Measures

McTaggart Construction Limited have implemented video conference calls for regular meetings which has reduced the need to travel between fixed premises and temporary sites. Although this measure was introduced as a Covid-19 control, the company have recognised the opportunity to reduce transport emissions and intend to maintain this measure post-pandemic

Replacement of fleet vehicles with vehicles that meet the emission standards required for Glasgow's Low Emission Zone which comes into force in 2023.

MCTAGGART CONSTRUCTION LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company'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. It has done so in respect of its financial risk management objectives and exposure to risk.

Statement of disclosure to auditor

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

On behalf of the board

G Climson

Director

8 September 2021

MCTAGGART CONSTRUCTION LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MCTAGGART CONSTRUCTION LIMITED

Opinion

We have audited the financial statements of McTaggart Construction Limited (the 'company') for the year ended 31 March 2021 which comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

MCTAGGART CONSTRUCTION LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF MCTAGGART CONSTRUCTION LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

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 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 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.

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

MCTAGGART CONSTRUCTION LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF MCTAGGART CONSTRUCTION LIMITED

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Use of our report

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

Alan Brown (Senior Statutory Auditor)
For and on behalf of Azets Audit Services

8 September 2021

Chartered Accountants
Statutory Auditor

Titanium 1
King's Inch Place
Renfrew
Renfrewshire
United Kingdom
PA4 8WF

MCTAGGART CONSTRUCTION LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 £
Revenue	3	67,387,455	84,684,730
Cost of sales		(61,870,480)	(80,289,602)
Gross profit		<u>5,516,975</u>	<u>4,395,128</u>
Administrative expenses		(6,300,251)	(6,008,575)
Other operating income		1,334,517	578,814
Operating profit/(loss)	4	<u>551,241</u>	<u>(1,034,633)</u>
Investment income	7	22,175	1,043,269
Finance costs	8	(9,337)	(179,546)
Other gains and losses	9	71,261	2,474,039
Profit before taxation		<u>635,340</u>	<u>2,303,129</u>
Tax on profit	10	(125,295)	190,415
Profit for the financial year		<u><u>510,045</u></u>	<u><u>2,493,544</u></u>

The income statement has been prepared on the basis that all operations are continuing operations.

MCTAGGART CONSTRUCTION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

	2021 £	2020 £
Profit for the year	510,045	2,493,544
Other comprehensive income	-	-
Total comprehensive income for the year	<u>510,045</u>	<u>2,493,544</u>

MCTAGGART CONSTRUCTION LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

	Notes	2021		2020	
		£	£	£	£
Non-current assets					
Property, plant and equipment	12		1,163,453		1,162,616
Investment properties	13		1,250,000		1,250,000
Investments	14		51		51
			<u>2,413,504</u>		<u>2,412,667</u>
Current assets					
Inventories	16	5,861,085		3,646,420	
Trade and other receivables falling due after more than one year	17	1,849,498		1,993,111	
Trade and other receivables falling due within one year	17	16,209,498		17,101,219	
Cash and cash equivalents		12,658,174		14,868,412	
			<u>36,578,255</u>		<u>37,609,162</u>
Current liabilities	18		<u>(28,442,222)</u>		<u>(27,905,348)</u>
Net current assets			<u>8,136,033</u>		<u>9,703,814</u>
Total assets less current liabilities			<u>10,549,537</u>		<u>12,116,481</u>
Non-current liabilities	19		(1,375,630)		(2,152,524)
Provisions for liabilities					
Provisions	22	64,930		887,789	
Deferred tax liability	23	92,597		79,823	
			<u>(157,527)</u>		<u>(967,612)</u>
Net assets			<u>9,016,380</u>		<u>8,996,345</u>
Equity					
Called up share capital	26		250,000		250,000
Retained earnings	27		8,766,380		8,746,345
Total equity			<u>9,016,380</u>		<u>8,996,345</u>

The financial statements were approved by the board of directors and authorised for issue on 8 September 2021 and are signed on its behalf by:

G Climson
Director

Company Registration No. SC042957

MCTAGGART CONSTRUCTION LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Share capital £	Retained earnings £	Total £
Balance at 1 April 2019		250,000	6,352,801	6,602,801
Year ended 31 March 2020:				
Profit and total comprehensive income for the year		-	2,493,544	2,493,544
Dividends	11	-	(100,000)	(100,000)
		<hr/>	<hr/>	<hr/>
Balance at 31 March 2020		250,000	8,746,345	8,996,345
Year ended 31 March 2021:				
Profit and total comprehensive income for the year		-	510,045	510,045
Dividends	11	-	(490,010)	(490,010)
		<hr/>	<hr/>	<hr/>
Balance at 31 March 2021		<u>250,000</u>	<u>8,766,380</u>	<u>9,016,380</u>

MCTAGGART CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

Company information

McTaggart Construction Limited is a private company limited by shares incorporated in Scotland. The registered office is Tod House, Templand Road, Dalry, Ayrshire, United Kingdom, KA24 5EU.

1.1 Accounting convention

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

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

The financial statements have been prepared under the historical cost convention, modified to include investment properties at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' - Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' - Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' - Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' - Compensation for key management personnel.

McTaggart Construction Limited is a wholly owned subsidiary of McTaggart Group Limited. The financial statements of the company are consolidated in the financial statements of McTaggart Group Limited. These consolidated financial statements are available from its registered office. Following a management buy out in March 2021, McTaggart Group Holdings Limited became the new ultimate parent entity.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

1.2 Going concern

The company's going concern assessment considers its principal risks, including those in respect of Covid-19 and is dependant on a number of factors including financial performance and access to funding facilities.

The current and future financial position of the company, including its cash flows and liquidity, have been reviewed by the directors. Following this review, the directors have a reasonable expectation that the company has adequate resources to continue in operational existences for the foreseeable future.

The company's secured pipeline of work and long-term forecast outlook has provided further assurance to the directors regarding its financial position. As such, the directors consider that it is appropriate to prepare the financial statements on the going concern basis.

MCTAGGART CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.3 Revenue

Revenue is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of properties is recognised when the significant risks and rewards of ownership of the property have passed to the buyer (usually upon legal completion), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Further information in respect of revenue from construction contracts is detailed in its accounting policy.

1.4 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	2%-4% straight line
Plant and equipment	5%-25% straight line
Office Equipment	25% straight line
Motor Vehicles	25%-33% straight line
Portacabin	25% straight line

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 profit or loss.

1.5 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure.

Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

1.6 Non-current investments

Interests in subsidiaries, associates and jointly controlled entities 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 or reversals of impairment losses are recognised immediately in profit or loss.

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

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

MCTAGGART CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

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

1.7 Impairment of non-current assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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 company 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. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Inventories

Materials, property in the course of development and land are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Inventories held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

The company determines the value of inventories charged to Cost of Sales based on the budgeted cost of each development. The budgeted cost is allocated to each plot and is released to Cost of Sales as each plot is sold.

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

MCTAGGART CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.9 Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting end date. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When costs incurred in securing a contract are recognised as an expense in the period in which they are incurred, they are not included in contract costs if the contract is obtained in a subsequent period.

The "percentage of completion method" is used to determine the appropriate amount to recognise in a given period. The stage of completion is measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. These costs are presented as stocks, prepayments or other assets depending on their nature, and provided it is probable they will be recovered.

1.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial instruments

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

Financial instruments are recognised in the company's statement of financial position when the company 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.

Basic financial assets

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

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

MCTAGGART CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

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

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

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 company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

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

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

MCTAGGART CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

Derecognition of financial liabilities

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

1.12 Equity instruments

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

1.13 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 income statement 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 company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

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

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

1.14 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

MCTAGGART CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.17 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.18 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

1.19 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

MCTAGGART CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

2 Judgements and key sources of estimation uncertainty

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

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

Key sources of estimation uncertainty

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

Accounting for construction contracts

The company estimates the outcome of its construction contracts. This is normally measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion.

Estimated total contract costs are based on management's detailed budgets and projections. Where management judge that the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable they will be recoverable.

3 Revenue

An analysis of the company's revenue is as follows:

	2021	2020
	£	£
Revenue analysed by class of business		
Contract revenue	64,772,241	73,281,923
Property development	1,590,214	8,298,807
Sale of land	1,025,000	3,104,000
	<u>67,387,455</u>	<u>84,684,730</u>
	<u><u>67,387,455</u></u>	<u><u>84,684,730</u></u>
	2021	2020
	£	£
Other significant revenue		
Interest income	22,175	107,912
Dividends received	-	935,357
Grants received	1,667,555	2,002,016
Rents received	146,897	148,234
Management charges receivable	123,496	350,525
	<u>1,959,113</u>	<u>3,544,044</u>
	<u><u>1,959,113</u></u>	<u><u>3,544,044</u></u>

MCTAGGART CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

4 Operating profit/(loss)

	2021	2020
	£	£
Operating profit/(loss) for the year is stated after charging/(crediting):		
Government grants	(1,667,555)	(2,002,016)
Fees payable to the company's auditor for the audit of the company's financial statements	30,000	26,000
Depreciation of owned property, plant and equipment	224,852	276,187
Depreciation of property, plant and equipment held under finance leases	36,832	41,225
Loss/(profit) on disposal of property, plant and equipment	7,768	(16,940)
Operating lease charges	38,830	36,145
	<u> </u>	<u> </u>

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021	2020
	Number	Number
Production	130	123
Administration	30	35
Management	3	3
	<u> </u>	<u> </u>
Total	163	161
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2021	2020
	£	£
Wages and salaries	7,099,794	6,524,917
Social security costs	806,134	774,823
Pension costs	314,658	290,905
	<u> </u>	<u> </u>
	8,220,586	7,590,645
	<u> </u>	<u> </u>

6 Directors' remuneration

	2021	2020
	£	£
Remuneration for qualifying services	287,889	304,515
Company pension contributions to defined contribution schemes	11,000	10,750
	<u> </u>	<u> </u>
	298,889	315,265
	<u> </u>	<u> </u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2020 - 3).

MCTAGGART CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

6 Directors' remuneration (Continued)

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2021 £	2020 £
Remuneration for qualifying services	130,000	125,000
Company pension contributions to defined contribution schemes	6,500	6,250

7 Investment income

	2021 £	2020 £
Interest income		
Interest on bank deposits	5,512	38,263
Other interest income	16,663	69,649
Total interest revenue	22,175	107,912
Income from fixed asset investments		
Income from shares in group undertakings	-	935,357
Total income	22,175	1,043,269

8 Finance costs

	2021 £	2020 £
Interest on bank overdrafts and loans	-	13,444
Interest on finance leases and hire purchase contracts	7,041	6,933
Other interest	2,296	159,169
	9,337	179,546

9 Other gains and losses

	2021 £	2020 £
Gain on disposal of fixed asset investments	-	2,274,713
Amounts written back to financial liabilities	71,261	199,326
	71,261	2,474,039

Other gains and losses relate to the write off of inter-company debt in the current year.

In the prior year, Other gains and losses related to the gain on sale of the company's investment in its joint venture entity, Urban Union Limited and the write off of inter-company debt.

MCTAGGART CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

10 Taxation

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the current period	127,133	-
Adjustments in respect of prior periods	(14,612)	(169,381)
Total current tax	<u>112,521</u>	<u>(169,381)</u>
Deferred tax		
Origination and reversal of timing differences	<u>12,774</u>	<u>(21,034)</u>
Total tax charge/(credit)	<u>125,295</u>	<u>(190,415)</u>

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

	2021 £	2020 £
Profit before taxation	<u>635,340</u>	<u>2,303,129</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	120,715	437,595
Tax effect of expenses that are not deductible in determining taxable profit	11,618	6,858
Tax effect of income not taxable in determining taxable profit	(13,540)	(647,785)
Adjustments in respect of prior years	(14,612)	(169,381)
Group relief	-	1,476
Depreciation on assets not qualifying for tax allowances	2,351	2,277
Other permanent differences	-	3,764
Adjust closing deferred tax rate to effective rate	18,763	11,865
Losses carried back	-	162,916
Taxation charge/(credit) for the year	<u>125,295</u>	<u>(190,415)</u>

11 Dividends

	2021 Per share £	2020 Per share £	2021 Total £	2020 Total £
Ordinary				
Final paid	0.36	-	90,010	-
Interim paid	1.60	0.40	400,000	100,000
	<u>1.96</u>	<u>0.40</u>	<u>490,010</u>	<u>100,000</u>

MCTAGGART CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

12 Property, plant and equipment

	Freehold land and buildings £	Plant and equipment £	Office Equipment £	Motor Vehicles £	Portacabin £	Total £
Cost						
At 1 April 2020	630,029	650,435	909,908	750,028	54,620	2,995,020
Additions	33,721	29,722	32,318	219,829	-	315,590
Disposals	-	-	-	(92,806)	-	(92,806)
Transfers	129,850	(129,850)	-	-	-	-
At 31 March 2021	793,600	550,307	942,226	877,051	54,620	3,217,804
Depreciation and impairment						
At 1 April 2020	263,884	287,230	721,496	531,266	28,528	1,832,404
Depreciation charged in the year	12,374	76,817	69,983	92,410	10,100	261,684
Eliminated in respect of disposals	-	-	-	(39,737)	-	(39,737)
Transfers	3,028	(3,028)	-	-	-	-
At 31 March 2021	279,286	361,019	791,479	583,939	38,628	2,054,351
Carrying amount						
At 31 March 2021	514,314	189,288	150,747	293,112	15,992	1,163,453
At 31 March 2020	366,145	363,205	188,412	218,762	26,092	1,162,616

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2021 £	2020 £
Motor Vehicles	75,409	116,805

13 Investment property

	2021 £
Fair value	
At 1 April 2020 and 31 March 2021	1,250,000

Investment property comprises of one property located in Fenwick. The fair value of the investment property has been valued by the directors at the year end. The last formal valuation was carried out at 29 November 2018 by Graham + Sibbald Chartered Surveyors, who are not connected with the company.

MCTAGGART CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

14 Fixed asset investments

	Notes	2021 £	2020 £
Investments in subsidiaries	15	51	51

Movements in non-current investments

		Shares in group undertakings £
Cost or valuation		
At 1 April 2020 & 31 March 2021		51
Carrying amount		
At 31 March 2021		51
At 31 March 2020		51

15 Subsidiaries

Details of the company's subsidiaries at 31 March 2021 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Glasshouse Developments (Scotland) Limited	(1)	In liquidation	Ordinary	51	0
Laurel Homes Limited	(1)	Dormant	Ordinary	100	0

(1) Tod House, Templand Road, Dalry, KA24 5EU.

Following the sale of its land held for development, Glasshouse Developments (Scotland) Limited was placed into members voluntary liquidation in December 2019.

16 Inventories

	2021 £	2020 £
Raw materials	-	1,230
Work in progress	4,536,465	2,325,570
Land held for development or sale	1,324,620	1,319,620
	5,861,085	3,646,420

MCTAGGART CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

17 Trade and other receivables

	2021	2020
	£	£
Amounts falling due within one year:		
Trade receivables	10,656,001	11,564,136
Gross amounts owed by contract customers	1,061,967	1,086,586
Corporation tax recoverable	50,395	355,430
Amounts owed by group undertakings	3,640,192	1,819,793
Other receivables	309,085	1,832,179
Prepayments and accrued income	491,858	443,095
	<u>16,209,498</u>	<u>17,101,219</u>
	<u><u>16,209,498</u></u>	<u><u>17,101,219</u></u>
	2021	2020
	£	£
Amounts falling due after more than one year:		
Trade receivables	1,849,498	1,993,111
	<u>1,849,498</u>	<u>1,993,111</u>
	<u><u>1,849,498</u></u>	<u><u>1,993,111</u></u>
Total debtors	<u>18,058,996</u>	<u>19,094,330</u>
	<u><u>18,058,996</u></u>	<u><u>19,094,330</u></u>

Trade receivables due after more than one year relate to retentions.

18 Current liabilities

	Notes	2021	2020
		£	£
Obligations under finance leases	21	19,735	27,073
Other borrowings	20	185,000	585,000
Payments received on account		14,143,605	10,750,689
Trade payables		9,955,795	13,522,114
Amounts owed to group undertakings		-	73,708
Taxation and social security		350,806	960,292
Government grants	24	1,945,861	267,469
Other payables		20,184	421,361
Accruals and deferred income		1,821,236	1,297,642
		<u>28,442,222</u>	<u>27,905,348</u>
		<u><u>28,442,222</u></u>	<u><u>27,905,348</u></u>

MCTAGGART CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

19 Non-current liabilities

	Notes	2021 £	2020 £
Obligations under finance leases	21	51,291	80,568
Trade payables		1,324,339	1,607,405
Government grants	24	-	464,551
		<u>1,375,630</u>	<u>2,152,524</u>

Trade payables included in non-current liabilities relate to subcontractor retentions falling due after more than one year.

20 Borrowings

	2021 £	2020 £
Other loans	185,000	585,000
	<u>185,000</u>	<u>585,000</u>

Other loans represent related party loan accounts. These loans are interest free and due on demand.

21 Finance lease obligations

	2021 £	2020 £
Future minimum lease payments due under finance leases:		
Within one year	19,735	27,073
In two to five years	51,291	80,568
	<u>71,026</u>	<u>107,641</u>

Finance lease payments represent rentals payable by the company for motor vehicles. Finance leases are secured over the assets to which they relate.

22 Provisions for liabilities

	2021 £	2020 £
Other provisions	64,930	887,789
	<u>64,930</u>	<u>887,789</u>

MCTAGGART CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

22 Provisions for liabilities

(Continued)

Movements on provisions:

	Other provisions £
At 1 April 2020	887,789
Utilisation of provision	(822,859)
	<hr/>
At 31 March 2021	64,930
	<hr/> <hr/>

Other provisions relate to liabilities incurred on long term contracts and are expected to be utilised over the next twelve months.

23 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2021 £	Liabilities 2020 £
Balances:		
Accelerated capital allowances	73,451	79,359
Tax losses	-	(18,763)
Investment property	19,470	19,470
Short term timing differences	(324)	(243)
	<hr/>	<hr/>
	92,597	79,823
	<hr/> <hr/>	<hr/> <hr/>
		2021 £
Movements in the year:		
Liability at 1 April 2020		79,823
Charge to profit or loss		12,774
		<hr/>
Liability at 31 March 2021		92,597
		<hr/> <hr/>

At the year end, the rate substantively enacted for deferred tax was 19% (2020 - 19%).

MCTAGGART CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

24 Deferred grants

	2021 £	2020 £
Arising from government grants	1,945,861	732,020
Deferred income is included in the financial statements as follows:		
Current liabilities	1,945,861	267,469
Non-current liabilities	-	464,551
	1,945,861	732,020

Grant income was received during the period from Glasgow City Council (GCC) in relation to the company's regeneration property development at Dalmarnock. Deferred income in relation to the grant will be released to the income statement as properties are sold.

The award of the grant is subject to a 2nd ranking security in favour of GCC. If the conditions of the grant are not complied with during the 5 year term, or actual costs incurred are less than anticipated or sales income is greater than forecast, the company would be subject to clawback provisions.

25 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	314,658	290,905

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the funds. There was £1,706 (2020 - £1,277) of unpaid contributions outstanding at 31 March 2021.

26 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital Issued and fully paid				
Ordinary of £1 each	250,000	250,000	250,000	250,000

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

MCTAGGART CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

27 Retained earnings

	2021	2020
	£	£
At the beginning of the year	8,746,345	6,352,801
Profit for the year	510,045	2,493,544
Dividends declared and paid in the year	(490,010)	(100,000)
	<u> </u>	<u> </u>
At the end of the year	<u><u>8,766,380</u></u>	<u><u>8,746,345</u></u>

28 Financial commitments, guarantees and contingent liabilities

There is an unlimited inter-company guarantee between the company, McTaggart Group Limited and related party entities in favour of the bank. At the year end, amounts owed to the bank by those entities amounted to £2.23m (2020 - £5.01m).

29 Operating lease commitments

Lessee

Significant leasing arrangements relate to the lease of property on fixed rental payments which expires in 2022.

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021	2020
	£	£
Within one year	20,000	20,000
Between two and five years	-	20,000
	<u> </u>	<u> </u>
	<u><u>20,000</u></u>	<u><u>40,000</u></u>

30 Other financial commitments

As part of its normal trading, the company had outstanding performance bonds at 31 March 2021 and 31 March 2020.

31 Related party transactions

Transactions with related parties

The company has taken advantage of exemption, under the terms of Financial Report Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

During the year the company entered into the following disclosable transactions with related parties:

MCTAGGART CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

31 Related party transactions

(Continued)

	Sales of goods & services		Purchases of goods & services	
	Period to 2021 £	Year to 2020 £	Period to 2021 £	Year to 2020 £
Entities over which the entity has control, joint control or significant influence	-	4,965,932	-	2,200
Other related parties	-	-	16,884,711	17,402,319
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	Recharges to related parties		Interest receivable	
	Period to 2021 £	Year to 2020 £	Period to 2021 £	Year to 2020 £
Entities over which the entity has control, joint control or significant influence	-	75,748	-	51,333
Other related parties	1,920,323	2,712,081	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The following amounts were outstanding at the reporting end date:

	Period to 2021 £	Year to 2020 £
Amounts due to related parties		
Other related parties	3,671,718	5,170,276
	<u> </u>	<u> </u>

The following amounts were outstanding at the reporting end date:

	Period to 2021 £	Year to 2020 £
Amounts due from related parties		
Other related parties	312,400	2,558,401
	<u> </u>	<u> </u>

Amounts owed to and from related parties consist of the net effect of trade receivables, trade payables, retentions and loans.

All loans with related parties fall due on demand and are interest free.

At the year end the company owed £185,000 in interest free loans to the directors and associated related parties (2020 - £585,000).

MCTAGGART CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

32 Ultimate controlling party

Following the completion of a management buy out from existing shareholders in March 2021, the ultimate parent company is now McTaggart Group Holdings Limited, a company is registered in Scotland. McTaggart Group Holdings Limited is under the control of Mr A Anderson and Mrs R Anderson.

The company's immediate parent entity is McTaggart Group Limited. The consolidated financial statements of McTaggart Group Limited to 31 March 2021 are publicly available and may be obtained from the Registrar of Companies.

