Mactaggart & Mickel Homes Limited

Directors' report and financial statements
Registered number SC013539
30 April 2012



Contents

Directors' Report	1
Statement of directors' responsibilities in respect of the Directors' Report and the financial statements	4
Independent auditor's report to the members of Mactaggart & Mickel Homes Limited	5
Profit and loss account	6
Balance sheet	7
Statement of total recognised gains and losses	8
Note of historical cost profits and losses	8
Reconciliation of movements in shareholders' funds	8
Notes	9

Registered number: SC013539
Directors' Report

The directors present their annual report and the audited financial statements for the year ended 30 April 2012.

Principal activities

The principal activities of the Company continued to be the building and selling of houses, letting of domestic properties, contracting and the sale of development land.

Business review

The Company has posted a profitable result despite worsening trading conditions. The Company achieved a profit before tax of £1.5 million *(2011: £4.2 million)*. The turnover achieved was £37.5 million, down 23% from 2011. The number of units settled decreased by 24% with the average settlement value decreasing to £249,000 *(2011: £274,000)*.

Principal risks and uncertainties

The Company maintains a risk register and has representation at the Group Parent Company's risk committee forum. Listed below are various risks monitored and managed within the forum, which affect the Company.

The Company is affected by the interest rate available for funding its operations and the mortgage rates that are available to its clients. The Company continues to review the opportunities available to contract to a fixed rate for a specified period in order to minimise the risk from servicing its debt. This year the Company has entered into a transaction where for a portion of its debt a rate ceiling has been contracted. The Company offers a wide range of products which covers all our clients' markets. The Company also offers flexible options to its clients in order to help them against interest rate risk with options such as shared equity schemes and participates in the new Scottish Government backed MI New Home Scheme which offers 95% mortgages.

The Company has a strong Health and Safety ethos as it looks to protect its key in-house labour resource and subcontract resources. The Company is a member of R.O.S.P.A. (Royal Society of the Prevention of Accidents). Regular site audits are carried out by the Health and Safety department.

The Company continues to plan for business interruption scenarios through its Disaster Recovery and business continuity committee. This forum meets regularly to review the contingencies in place and ensure that the plans adapt to the evolution of the business.

The Company remains subject to pension funding risks, principally poor performance of equity investments and increased longevity of the members.

Strategic development

The Company has sought diversification through its expansion into the external contracting market and commercial property. In prior years the Company had grown its domestic letting portfolio which has now strengthened its rental income stream. The Company now holds strategic land positions in England which should provide an additional income stream in the next 2 years.

The Company continues to strive for innovative methods of construction and continues to use products such as closed panel timber frames and bathroom pods. As well as the cost efficiencies this brings these methods of build are more environmentally friendly.

In addition to the Company introducing the above construction methods it has also brought in a range of sustainable products to the materials that it utilises. The Company strives to comply with the sustainability code introduced by the government with a target date of 2016. Indeed the Company are already working to 2013 building regulations as part of its contracting remit for the 2014 Commonwealth Games Athlete's Village, due for completion January 2014.

Directors' Report *(continued)*

Key financial performance indicators

	2012	2011	Measure
Financial			
Return on capital	**1%**	3%	Profit before tax/net assets
Current ratio	**14:1***	3:1	Current assets: current liabilities
Days creditors	**41**	33	Trade creditors/average purchases
Turnover per employee (£000)	**195**	252	Turnover/average number of employees
Operating profit per employee (£000)	**13**	27	Operating profit/average number of employees
Units settled % derived from Brownfield redevelopment	**35%**	43%	Units settled from Brownfield developments/Total units
Non-financial			
Reportable accidents	**3**	3	Number of Reportable accidents

*This significant movement is due to the reclassification of bank borrowings

Key non-financial performance indicators including the monitoring of our employees' health and safety are shown above.

Proposed dividends

There were proposed interim and final dividends at 30 April 2012 totalling £1,262,000 *(2011: £1,135,000).*

Directors

The directors who served during the year were as follows:

Bruce GA Mickel (Resigned 1 May 2012)
Edmund J Monaghan
Andrew AM Mickel
Alan J Hartley
Joanne Casey
Paul J McAninch
Peter G Shepherd
Marion Forbes

Financial Instruments

The Company avoids the use of complex financial instruments.

Directors' Report *(continued)*

Employees

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

The directors recognise the importance of good communications and relations with employees. The management of each branch or undertaking is responsible for the development of employee involvement as appropriate to its own particular needs. Regular communications are held with representatives of staff at all levels and use is made of notice boards. The directors annually inform all employees of Company performance and of the financial and economic factors affecting that performance. Also, management endeavour to involve as many employees as possible in training not only by taking all expressed views into account when formulating the annual training programme but by running as many different training seminars as possible.

Charitable contributions

Charitable contributions made by the Company during the period amounted to £7,902 *(2011: £4,303)*.

Statement as to disclosure of information to auditor

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

By order of the board

Alan J Hartley
Secretary

1 Atlantic Quay
1 Robertson Street
Glasgow
G2 8JB

19 December 2012

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 their profit or loss for that period. In preparing each of the Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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

KPMG LLP

191 West George Street
Glasgow
G2 2LJ
United Kingdom

Independent auditor's report to the members of Mactaggart & Mickel Homes Limited

We have audited the financial statements of Mactaggart & Mickel Homes Limited for the year ended 30 April 2012 set out on pages 6 to 23. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 April 2012 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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.

B Marks (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

21 December 2012

Profit and loss account

for the year ended 30 April 2012

	Note	Before exceptional items	Exceptional items (refer to note 5)	Total 2012	Before exceptional items	Exceptional items (refer to note 5)	Total 2011
		£000	£000	£000	£000	£000	£000
Turnover		**37,481**	**-**	**37,481**	48,475	-	48,475
Cost of sales		**(28,597)**	**(1,505)**	**(30,102)**	(37,565)	(850)	(38,415)
Gross profit/(loss)		**8,884**	**(1,505)**	**7,379**	10,910	(850)	10,060
Administrative expenses		**(4,853)**	**-**	**(4,853)**	(5,569)	-	(5,569)
Other income		**42**	**-**	**42**	20	740	760
Operating profit/(loss)	2	**4,073**	**(1,505)**	**2,568**	5,361	(110)	5,251
Interest payable and similar charges	6(a)	**(1,261)**	**-**	**(1,261)**	(1,136)	-	(1,136)
Other interest receivable and similar income	6(b)	**107**	**-**	**107**	96	117	213
Other finance income/(expense)	6(c)	**65**	**-**	**65**	(99)	-	(99)
Profit/(loss) on ordinary activities before taxation		**2,984**	**(1,505)**	**1,479**	4,222	7	4,229
Tax on profit/(loss) on ordinary activities	7	**(782)**	**394**	**(388)**	(1,338)	(2)	(1,340)
Profit/(loss) for the financial year	20	**2,202**	**(1,111)**	**1,091**	2,884	5	2,889

All of the Company's activities are continuing.

A statement of recognised gains and losses is shown on page 8.

A note of historical cost profits and losses is shown on page 8.

Balance sheet

at 30 April 2012

	Note	2012 £000	2012 £000	2011 £000	2011 £000
Fixed assets					
Tangible assets	*9*		**49,164**		49,020
Investments	*10*		**30**		25
			49,194		49,045
Current assets					
Stocks	*12*	**86,052**		84,951	
Debtors due within one year	*13*	**11,584**		11,413	
Cash at bank and in hand	*14*	**2**		2	
		97,638		96,366	
Debtors: due after more than one year	*15*	**25,002**		23,265	
		122,640		119,631	
Creditors: amounts falling due within one year	*16*	**(7,165)**		(32,566)	
Net current assets					
due within one year		**90,473**		63,800	
due after more than one year		**25,002**		23,265	
			115,475		87,065
Total assets less current liabilities			**164,669**		136,110
Creditors: amounts falling due after more than one year	*17*		**(28,643)**		-
Pension scheme liability	*23*		**(4,811)**		(2,159)
Net assets			**131,215**		133,951
Capital and reserves					
Called up share capital	*19*		**430**		430
Capital redemption reserve	*20*		**70**		70
Investment property revaluation reserve	*20*		**42,704**		42,511
Profit and loss account	*20*		**88,011**		90,940
Shareholders' funds – all equity			**131,215**		133,951

These financial statements were approved by the board of directors on 19 December 2012 and were signed on its behalf by:

Bruce Mickel
Director

Bruce Mickel

Paul J McAninch
Director

Paul McAninch

Statement of total recognised gains and losses

for the year ended 30 April 2012

	2012 £000	2011 £000
Profit for the financial year	**1,091**	2,889
Actuarial (loss)/gain recognised in the pension scheme	**(3,567)**	470
Movement on deferred tax relating to pension scheme liability	**797**	(186)
Unrealised surplus on revaluation of investment properties	**318**	205
Taxation charge on realisation of property revaluation gains of previous years	**-**	(25)
Total recognised (losses)/ gains for the year	**(1,361)**	3,353

Note of historical cost profits and losses

for the year ended 30 April 2012

	2012 £000	2011 £000
Reported profit on ordinary activities before taxation	**1,479**	4,229
Realisation of property revaluation gains of previous years	**-**	120
Historical cost profit on ordinary activities before taxation	**1,479**	4,349
Historical cost (loss)/profit for the year retained after taxation and dividends	**(159)**	3,009

Reconciliation of movements in shareholders' funds

for the year ended 30 April 2012

	2012 £000	2011 £000
Profit for the financial year	**1,091**	2,889
Actuarial (loss)/gain on pension scheme	**(3,567)**	470
Deferred tax movement relating to pension scheme	**797**	(186)
Dividends	**(1,250)**	(344)
Unrealised surplus on revaluation of investment properties	**193**	205
Taxation charge on realisation of property revaluation gains of previous years	**-**	(25)
Net (decrease)/increase in shareholders' funds	**(2,736)**	3,009
Opening shareholders' funds	**133,951**	130,942
Closing shareholders' funds	**131,215**	133,951

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements, except as noted below.

Basis of preparation

The financial statements have been prepared under the historical cost accounting rules, as modified by the inclusion of investment properties at valuation as required by Statement of Standard Accounting Practice No 19 ("SSAP 19"). They have been prepared in accordance with applicable accounting standards.

Under FRS 1, the Company is exempt from the requirement to prepare a cash flow statement as its parent undertaking, Mactaggart & Mickel Group Limited, includes the Company in its consolidated accounts.

As the Company is a wholly owned subsidiary of Mactaggart & Mickel Group Limited, the Company has taken advantage of the exemption contained within FRS 8 and has therefore not disclosed transactions with entities which form part of the Group.

By virtue of section 400 of the Companies Act 2006, consolidated financial statements have not been prepared as the Company is a wholly owned subsidiary of the Mactaggart & Mickel Group Limited and as such these financial statements contain information about the Company and not about its group.

Turnover

Turnover, all of which is derived wholly from operations within the United Kingdom, represents income from the sale of houses during the year, contracting, sale of development land, income from the rental of investment properties and surpluses on the realisation of interests under the shared equity scheme.

Investments

In the Company's financial statements, investments in subsidiary undertakings, associates and joint ventures are stated at cost.

Investment properties

Investment properties are defined as properties held for their investment potential; they comprise almost exclusively residential properties, most of which have protected or short assured tenancies. Such properties are held in the balance sheet at their open market value at the balance sheet date on the basis of a directors' valuation.

In accordance with SSAP 19, (i) investment properties are revalued annually at open market value. Surpluses and deficits arising and the aggregate surplus or deficit is transferred to a revaluation reserve except that any permanent diminution in value of an investment property is taken to the profit and loss account for the year; and (ii) no depreciation or amortisation is provided in respect of freehold investment properties. This treatment, as regards the Company's investment properties may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Depreciation

Depreciation is provided by the Company to write off the cost less estimated residual value of tangible fixed assets over their estimated useful economic lives. The rates applied are as follows:

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

Depreciation, at 2% straight line, is provided on those heritable buildings which the directors consider to have a remaining useful life no greater than 50 years. Provision for depreciation on heritable buildings where the estimated life exceeds 50 years is not considered to be necessary as it is the Company's policy to maintain its properties in good condition and that any resultant depreciation would be immaterial; costs of repairs and maintenance are charged against revenue in the year in which they are incurred.

Notes *(continued)*

1 Accounting policies *(continued)*

Exceptional items

Exceptional items comprise items of income and expense that are material in amount and unlikely to recur and which merit separate disclosure in order to give an understanding of the Company's financial position and its underlying financial performance.

Associates, joint ventures and joint arrangements

An associate is an undertaking in which the Company has a long term interest, usually from 20% to 50% of the equity voting rights, and over which it exercises significant influence. The Company's interests in joint arrangements that are not entities are accounted for in accordance with Financial Reporting Standard No 9 - Associates and Joint Ventures. In relation to joint arrangements that are not entities, the Company has accounted for its share of the assets, liabilities and cash flows on a line by line basis.

Stock and work in progress

Stock is stated at the lower of cost and net realisable value. Work in progress is stated at the lower of cost, including a proportion of overheads, and net realisable value.

Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date. On disposal of an investment property the element of tax relating to the profit in the year is charged to the profit and loss account and the element relating to earlier revaluation surpluses is included in the statement of total recognised gains and losses.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as required by FRS 19.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Pension costs

The Company contributes to defined contribution pension schemes. The amount charged to the profit and loss account represents the contributions payable to the schemes in respect of the financial year.

The Company also participates in a Group pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company, being invested with insurance companies.

Defined benefit pension scheme assets are measured at market value, for quoted securities the current bid price is taken as the market value. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the Company's defined benefit pension scheme expected to arise from employee service in the period is charged to operating profit. The expected return on scheme assets and the increase during the period in the present value of the scheme's liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the statement of total recognised gains and losses. Pension scheme surpluses, to the extent that they are considered recoverable, or deficits, are recognised in full and presented on the face of the balance sheet net of the related deferred tax.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Dividends on shares presented with equity

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

Notes *(continued)*

2 Operating profit/(loss)

	2012 £000	2011 £000
Operating profit/(loss) is stated after charging/(crediting):		
Depreciation of tangible fixed assets	**262**	485
Gain on disposal of tangible fixed assets	**(42)**	(20)
Hire of other assets – operating lease	**402**	372
Auditor's remuneration:		
- audit of these financial statements	**38**	37
- in relation to taxation services	**6**	9

3 Staff numbers and costs

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

	Number of employees 2012	2011
Administration and finance	**55**	55
Involved in building work	**137**	137
	192	192

The aggregate payroll costs of these persons were as follows:

	2012 £000	2011 £000
Wages and salaries	**7,232**	6,849
Social security costs	**726**	645
Other pension costs	**654**	681
	8,612	8,175

4 Remuneration of directors

	2012 £000	2011 £000
Directors' emoluments	**1,407**	1,113
Company contributions to defined benefit pension scheme	**138**	65
	1,545	1,178

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £326,000 *(2011: £319,000)*.

	Number of directors 2012	2011
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	**-**	1
Defined benefit schemes	**7**	4
	7	5

Notes *(continued)*

5 Exceptional items

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

	2012	2011
	£000	£000
Cost of sales: Impairment of ground and other current assets	**(1,505)**	(850)
Other income: Pension scheme surplus refund	**-**	740
Other interest receivable: Interest on the above pension scheme surplus	**-**	117
Exceptional items before tax	**(1,505)**	7

6 Interest (payable)/receivable

(a) Interest payable and similar charges	**2012** **£000**	2011 £000
Interest payable on bank borrowings	**(1,250)**	(1,124)
Other interest payable	**(11)**	(12)
	(1,261)	(1,136)

(b) Other interest receivable and similar income	**2012** **£000**	2011 £000
Other interest	**107**	96
Interest on the exceptional pension scheme surplus (note 5)	**-**	117
Total interest receivable	**107**	213

(c) Other finance income/(expense)	**2012** **£000**	2011 £000
Interest on defined benefit pension plan obligation	**(869)**	(853)
Expected return on defined benefit pension plan assets	**934**	754
Total other finance income/(expense) (note 23)	**65**	(99)

Notes *(continued)*

7 Taxation

Analysis of charge in the year

	2012 £000	2011 £000
UK corporation tax		
UK corporation tax - current year	**340**	1,384
Adjustments relating to prior periods	**(35)**	12
Total current tax charge	**305**	1,396
Deferred tax		
Charged/(credited) in year	**29**	(24)
Adjustment due to change in rates	**17**	17
Deferred tax charge/(credit) in relation to defined benefit schemes (note 18)	**46**	(7)
Charge/(credit) in relation to pension scheme liability	**37**	(49)
Total deferred tax charge/(credit)	**83**	(56)
Total tax charge on profit on ordinary activities	**388**	1,340

The tax charge for the year is lower (*2011: higher*) than the standard rate of corporation tax in the UK at 25.84% (*2011: 27.83%*). The differences are explained below:

	2012 £000	2011 £000
Profit on ordinary activities before tax	**1,479**	4,229
At 25.84% (*2011: 27.83%*)	**382**	1,177
Effects of:		
Expenses not deductible for tax purposes	**7**	47
Adjustment relating to Group transfer pricing	**41**	32
Adjustment relating to prior periods/(credit)	**(35)**	12
(Accelerated)/Decelerated capital allowances	**(29)**	24
Deferred tax charge in relation to defined benefit scheme	**(37)**	49
Adjustment relating to differing tax rates	**(6)**	55
Non taxable income	**(18)**	-
	305	1,396

Factors affecting the future current and total tax charges

The 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and a further reduction to 24% (effective from 1 April 2012) was substantively enacted on 26 March 2012.

This will reduce the Company's future current tax charge accordingly. The deferred tax asset at 30 April 2012 has been calculated based on the rate of 24% substantively enacted at the balance sheet date.

It has not yet been possible to quantify the full anticipated effect of the announced further 2% rate reduction, although this will further reduce the Company's future current tax charge and reduce the Company's deferred tax asset accordingly.

Notes *(continued)*

8 Dividends

	2012 £000	2011 £000
2010 final dividends	-	344
2011 interim dividends	**550**	-
2011 final dividends	**700**	-
	1,250	344

There were proposed interim and final dividends at 30 April 2012 of £1,262,000 *(2011: £1,135,000)*.

9 Tangible fixed assets

	Investment properties and commercial properties	Short Leasehold properties	Plant and machinery	Motor cars and lorries	Office furniture and computer equipment	Total
	£000	£000	£000	£000	£000	£000
Cost or valuation						
At beginning of year	48,514	610	2,708	367	667	52,866
Additions	19	18	100	-	77	214
Disposals	(174)	-	(92)	(91)	-	(357)
Revaluation surplus	193	-	-	-	-	193
At end of year	**48,552**	**628**	**2,716**	**276**	**744**	**52,916**
Depreciation						
At beginning of year	200	244	2,449	351	602	3,846
Charge for year	-	62	149	12	39	262
Charged on disposals	(174)	-	(91)	(91)	-	(356)
At end of year	**26**	**306**	**2,507**	**272**	**641**	**3,752**
Net book value						
At 30 April 2012	**48,526**	**322**	**209**	**4**	**103**	**49,164**
At 30 April 2011	48,314	366	259	16	65	49,020

In accordance with SSAP 19: Investment properties, the Company's investment properties are stated at valuation by the directors on an open market value basis of £48,552,000 *(2011: £48,201,000)*. The historical cost of these investment properties at 30 April 2012 was £5,771,000 *(2011: £5,702,000)* and their historical cost written down value at the end of the year would have been £5,745,000 *(2011: £5,702,000)*. If the investment properties were disposed of at their book value, a charge to taxation of approximately £6,000,000 *(2011: £6,466,000)* would arise, for which no provision has been made in these financial statements.

The cost/valuation of heritable properties comprises:

	2012 £000	2011 £000
Investment properties – not depreciated	**48,002**	47,789
Commercial properties	**550**	551
	48,552	48,340

Notes *(continued)*

10 Fixed asset investments

	2012 £000	2011 £000
At start of year	25	-
Capital contribution to subsidiary in the year	5	-
Acquisition of associate in the year	-	25
At end of year	30	25

Details of the principal subsidiary and associate undertakings are as follows:

Name	Country of registration	Principal activity	Class and percentage of shares held
Mickel Products Limited	Scotland	Non trading company	Ordinary shares - 100%
Mactaggart & Mickel Lochrin Limited	Scotland	Property development	Ordinary shares – 100%
Mactaggart & Mickel Timber Systems Limited	Scotland	Timber frame kit manufacturer	Ordinary shares – 100%
Mactaggart & Mickel Greenan Commercial Limited	Scotland	Commercial letting company	Ordinary shares – 100%
Mactaggart & Mickel East Craigs Commercial Limited	Scotland	Commercial letting company	Ordinary shares – 100%
Mactaggart & Mickel Anniesland Commercial Limited	Scotland	Investment holding company	Ordinary shares – 100%
Forty Eight Shelf (250) Limited	Scotland	Dormant	Ordinary shares – 100%
Forty Eight Shelf (251) Limited	Scotland	Dormant	Ordinary shares – 100%
Mactaggart & Mickel Anniesland LLP*	Scotland	Commercial letting company	70 % Capital contribution
Carrongrove NHT 2011 LLP	Scotland	Domestic letting company	71% Capital contribution
City Legacy Limited	Scotland	Property development	Ordinary shares – 25%
Mactaggart & Mickel Limited	Scotland	Dormant	Ordinary shares – 100%

*shareholding held through an intermediate company

11 Joint Arrangements

Under Financial Reporting Standard No 9 (Associates and Joint Ventures) an associate is an undertaking in which the Company has a long term interest, usually from 20% to 50% of the equity voting rights, and over which it exercises significant influence. A joint arrangement is an undertaking in which the Company has a long-term interest and over which it exercises joint control. A joint arrangement exists in the companies listed below where the company is 50% owned. The financial statements of Mactaggart & Mickel Homes Limited include their share of the assets and liabilities of these joint arrangements on a line by line basis. Ground held under the joint arrangement is included under stocks (note 12).

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

Notes *(continued)*

12 Stocks

	2012 £000	2011 £000
Raw materials and consumables	**163**	229
Ground	**51,995**	53,746
Ground held under joint arrangement (note 11)	**1,736**	1,736
Work in progress	**32,158**	29,240
	86,052	84,951

The Company has granted standard securities over ground with a carrying value of £5,952,000 *(2011: £3,702,000).*

Work in progress includes £552,000 *(2011: £581,000)* attributable to a retained minority interest in the cost of houses sold by the Company under the provision of its previous "major ownership scheme" (see note 15).

13 Debtors due within one year

	2012 £000	2011 £000
Debtors – Major Ownership Scheme (see note 15)	**550**	550
Trade Debtors	**1,493**	893
Other debtors	**590**	764
Prepayments and accrued income	**492**	551
Amount due from subsidiary undertakings	**7,426**	7,883
Amount due from associate undertakings	**550**	550
Amount due by Agents	**307**	-
Deferred tax (see note 18)	**176**	222
	11,584	11,413

14 Cash at bank and in hand

	2012 £000	2011 £000
Cash at bank and in hand	**2**	2

Notes *(continued)*

15 Debtors due after more than one year

	2012 £000	2011 £000
Debtors – Major Ownership Scheme	**20,816**	18,949
Debtors – Other debtors	**4,186**	4,316
	25,002	23,265

The Company operates the Major Ownership Scheme ("MOS") as a means of assisting prospective house purchasers with their house purchase. The Company's retained MOS interest in the scheme now current is in the nature of a secured debt, and as such MOS balances relative to the scheme are classified as debtors.

In considering the timing of the realisation of MOS debtor balances, and considering the terms of the schemes, the directors have estimated, by reference to prior experience of house realisations involving MOS balances, the amount which they consider is likely to be realisable within one year from the balance sheet date. Such amounts are shown separately as debtors due within one year (note 13).

MOS houses sold under the previous scheme, which ceased to apply in 1988, are included within work in progress since the nature of that scheme was that the Company retains an interest in the relevant property rather than a security in respect of a balance due to the Company (see note 12).

The Company currently offers a scheme where the balance must be settled within 10 years from the original purchase date. Under other schemes available, the Company's interest in MOS balances is realisable (at then market value) at any time at the option of respective house purchasers or, on disposal or deemed disposal of each house.

16 Creditors: amounts falling due within one year

	2012 £000	2011 £000
Bank borrowings: revolving credit facility	**-**	22,827
Trade creditors	**3,495**	3,544
Amount due to fellow subsidiary undertakings	**944**	374
Corporation tax payable	**263**	515
Other creditors including taxation and social security	**299**	323
Accruals and deferred income	**2,164**	4,983
	7,165	32,566

The Company has granted, in favour of the bank, a fixed security over several land holdings and a bond and floating charge over the remaining assets. The fixed security is ranked as first charge while the bond and floating charge is ranked as second charge. The bank's bond and floating charge is ranked pari passu with the bond and floating charge which has been granted in favour of the Company's defined benefit pension scheme, Mactaggart & Mickel Limited Retirement Benefits Scheme. The revolving credit facility matures in December 2014. The facility was renewed on 4 August 2011 and as such the revolving credit facility amount was classified as repayable in less than one year at 30 April 2011.

Notes *(continued)*

17 Creditors: amounts falling due after more than one year

	2012 £000	2011 £000
Bank borrowings	**29,063**	-
Unamortised facility costs	**(420)**	-
	28,643	-

18 Deferred tax

Deferred tax:	2012 £000	2011 £000
Asset at start of year	**222**	215
(Charged)/ credited in year (note 7)	**(46)**	7
Asset at end of year	**176**	222
Analysed as:		
Depreciation in excess of capital allowances	**176**	222

19 Called up share capital

	2012 £000	2011 £000
Allotted, called up and fully paid		
137,250 A ordinary shares of £1 each	**137**	137
182,000 B ordinary shares of £1 each	**182**	182
90,600 C ordinary shares of £1 each	**91**	91
20,000 D ordinary shares of £1 each	**20**	20
	430	430

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

Notes *(continued)*

20 Reserves

	Capital redemption reserve	Investment property revaluation reserve	Profit and loss account
	£000	£000	£000
At beginning of year	70	42,511	90,940
Actuarial loss in the year	-	-	(3,567)
Deferred tax movement relating to pension scheme	-	-	797
Profit for the year	-	-	1,091
Dividends paid in the year	-	-	(1,250)
Unrealised surplus arising on revaluation of investment properties	-	193	-
At end of year	**70**	**42,704**	**88,011**

21 Contingent liabilities

	2012 £000	2011 £000
Road bonds and land guarantees	**2,678**	5,192

The figure for road bonds is inclusive of bonds totalling £1,522,000 *(2011: £3,320,000)* for which the Company has undertaken to maintain bank facilities of a similar amount.

The Company belongs to a group of companies whereby an unlimited inter company composite guarantee exists with the Group's bank facility. The maximum liability under these guarantees is £2,650,000 *(2011: £1,332,000)*.

22 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	2012 Land and buildings £000	2012 Other £000	2011 Land and buildings £000	2011 Other £000
Operating leases which expire:				
- within one year	-	-	-	-
- between two and five years	-	**36**	-	6
- over five years	**366**	-	366	-
	366	**36**	**366**	**6**

Notes *(continued)*

23 Pensions

(a) *Defined Contribution Schemes*

The Company operates defined contribution pension schemes. The pension cost charge for the period represents contributions payable by the Company to the schemes and amounted to £65,000 *(2011: £46,000)*. There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

(b) *Defined Benefit Scheme*

The Company operates the Mactaggart and Mickel Limited Retirement Benefits Scheme, a defined benefit scheme providing benefits based on final pensionable pay. The latest formal triennial review of the Mactaggart & Mickel Limited Retirement Benefits Scheme has been carried out by independent actuaries, Punter Southall Consulting Actuaries, the effective date of the valuation being 1 January 2011.

	2012	2011
	£000	£000
Present value of funded defined benefit obligations	**(20,029)**	(16,417)
Fair value of plan assets	**13,699**	13,499
Present value of unfunded defined benefit obligations	**(6,330)**	(2,918)
Deficit	**(6,330)**	(2,918)
Related deferred tax asset	**1,519**	759
Net liability	**(4,811)**	(2,159)

Movements in present value of defined benefit obligation

	2012	2011
	£000	£000
At 1 May	**16,417**	15,480
Current service cost	**600**	750
Interest cost	**869**	853
Employee Contributions	**163**	173
Actuarial losses/(gains)	**2,694**	(248)
Benefits paid	**(714)**	(591)
At 30 April	**20,029**	16,417

Movements in fair value of plan assets

	2012	2011
	£000	£000
At 1 May	**13,499**	12,280
Expected return on plan assets	**934**	754
Actuarial (loss)/gain	**(873)**	222
Contributions by employer	**690**	661
Contributions by members	**163**	173
Benefits paid	**(714)**	(591)
At 30 April	**13,699**	13,499

Notes *(continued)*

23 Pensions *(continued)*

Expense recognised in the profit and loss account

	2012 £000	2011 £000
Current service cost	**600**	750
Other finance (income)/expense	**(65)**	99
Total	**535**	849

The expense is recognised in the following line items in the profit and loss account:

	2012 £000	2011 £000
Administrative expenses	**600**	750
Interest payable and similar charges	**869**	853
Other interest receivable and similar income	**(934)**	(754)
	535	849

The total amount recognised in the statement of total recognised gains and losses in respect of actuarial gains and losses is a loss of £3,567,000 *(2011: £470,000)*.

Cumulative actuarial gains/losses reported in the statement of total recognised gains and losses for accounting periods ending on or after 22 June 2002 and subsequently under paragraph 96 of FRS 17, for the Company are losses of £6,770,000 *(2011: £3,203,000)*.

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

	2012 Fair value £000	2011 Fair value £000
Equities	**7,844**	7,340
Corporate bonds	**3,494**	3,568
Fixed interest gilts and index linked bonds	**435**	38
Other	**1,270**	1,923
Property	**656**	630
	13,699	13,499
Actual return on plan assets	**61**	976

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

The overall rate of return of the plan assets has been based on the average expected return for each asset class, weighted by the amount of assets in each class.

Notes *(continued)*

23 Pensions *(continued)*

Principal actuarial assumptions (expressed as weighted averages) at the year end were as follows:

	2012 %	2011 %
Discount rate	**4.80**	5.30
Expected rate of return on plan assets	**6.80**	6.90
Future salary increases	**4.10**	4.30
Members who joined before 2004:		
-Pre 1/1/03 accrued benefits (LPI 5%; minimum 4%)	**4.00**	4.00
-Post 31/12/02 accrued benefits (LPI 8%)	**3.40**	3.20
Members who joined after 2004:		
-All accrued benefits (LPI 5%)	**3.40**	3.20
Rate of revaluation of deferred pensions in excess of GMP	**2.50**	2.60
Inflation (RPI)	**3.50**	3.30
Inflation (CPI)	**2.50**	2.60

In valuing the liabilities of the pension fund at 30 April 2012, mortality assumptions have been made as indicated below. The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 60-year old to live for a number of years as follows:

- Current pensioner aged 60: male – 26.1 years; female – 28.8 years
- Future retiree upon reaching 60: male – 27.7 years; female – 30.4 years

History of plans

The history of the plans for the current and prior periods is as follows:

Balance sheet

	2012 £000	2011 £000	2010 £000	2009 £000	2008 £000
Present value of scheme liabilities	**(20,029)**	(16,417)	(15,480)	(11,812)	(12,598)
Fair value of scheme assets	**13,699**	13,499	12,280	10,038	10,913
Deficit	**(6,330)**	(2,918)	(3,200)	(1,774)	(1,685)

Experience adjustments

	2012 £000	2011 £000	2010 £000	2009 £000	2008 £000
Experience adjustments on:					
- scheme liabilities	**(522)**	5	222	399	(525)
- scheme assets	**(873)**	222	1,322	(2,016)	(615)
	(1,395)	227	1,544	(1,617)	(1,140)

The Company expects to contribute approximately £689,000 to its defined benefit plans in the next financial year.

(c) To avoid the need for investments continually having to be realised to meet benefit and administration payments, the Company meets certain expenditure on behalf of the Retirement Benefits Scheme. At periodic intervals, the Scheme reimburses the Company. Included within other debtors is an amount of £Nil *(2011: £21,000)* in respect of this arrangement.

Notes *(continued)*

24 Related party transactions

During the year the Company created a limited liability partnership, Carrongrove NHT 2011 LLP, together with the Scottish Futures Trust Investments Limited and Falkirk Council. This partnership has been set up to participate in the National Housing Trust initiative which is a combination of private and public funded development for affordable housing. The set up costs have been funded by the Company and the Scottish Futures Trust Investments Limited by way of injection of member's capital contributions.

In the prior year the Company established, along with Mactaggart & Mickel Limited Retirement Benefit Scheme (M&MRBS), a limited liability partnership, Mactaggart & Mickel Anniesland LLP. The Company established its investment in the LLP via a subsidiary company, Mactaggart & Mickel Anniesland Commercial Limited. The Company's share of the LLP is 70% with M&MRBS holding a 30% interest. The LLP acquired an investment property for a total consideration of £2,187,000; the Company share being £1,530,900 and the minority interest is £656,100.
The Company entered into transactions with Mactaggart & Mickel Anniesland LLP totalling £nil *(2011: £56,644)* while a balance of £1,678,000 *(2011: £1,588,000)* remains ultimately due to the Company at 30 April 2012.

25 Ultimate parent company

The Company's ultimate parent company is Mactaggart & Mickel Group Limited, a company which is registered in Scotland. The consolidated financial statements of this Group are available to the public and may be obtained from it's registered office at 1 Atlantic Quay, 1 Robertson Street, Glasgow, G2 8JB.