14 September 2021

Springfield Properties plc
("Springfield", the "Company" or the "Group")

Final Results and Publication of Annual Report
Highest ever revenue and profit, substantial reduction in net debt and strong outlook

Springfield Properties (AIM: SPR), a leading housebuilder in Scotland delivering private and affordable housing, announces its final results for the year ended 31 May 2021.

Financial Summary

	2021 £m	2020 £m	Change
Revenue	216.7	143.5	+51.0%
Gross margin	17.9%	19.1%	-120bps
Operating profit*	19.8	11.3	+75.2%
Profit before tax*	18.5	10.2	+81.4%
Basic EPS* (p)	14.41	8.33	+73.0%
Total dividend per share (p)	5.75	2.0	+187.5%

** Adjusted to exclude exceptional staff costs of £0.6m (2020: £0.4m) (See the Financial Review for further detail)*

Operational Summary

- Strong build and sales activity throughout the year with high demand experienced across the business resulting in significant growth in revenue in private and affordable housing
- Realisation of work in progress and strategic land sales enabled substantial reduction in net debt to £20.8m at 31 May 2021 from £70.9m at 31 May 2020
- Total completions increased to 973 homes (2020: 727)
- Sustained progress in advancing land bank with planning approval received for 609 homes during the year and the proportion of land bank with planning permission increasing to 52.4% (31 May 2020: 49.4%)
- Total land bank of 15,281 plots (31 May 2020: 15,882) with Gross Development Value ("GDV") of £3.1bn (31 May 2020: £3.3bn)
- Strengthened operations with implementation of efficiency and rationalisation measures that reduced costs by approximately £1m on an annualised basis
- Commenced work on site for first homes for the Private Rental Sector ("PRS") with Sigma Capital Group plc at Bertha Park Village

Private Housing Delivery

- Revenue increased 46.2% to £144.6m (2020: £98.9m) with 593 completions (2020: 419)
- Significant growth driven by:
  - completion of homes originally scheduled to be delivered at the end of the prior year but postponed due to COVID-19 lockdown; and
  - increased desirability of the type of larger housing with plenty of greenspace that the Group offers
- Continued progress on Village developments, with key highlights including:
  - Advancing of community facilities, including the opening of convenience stores at Bertha Park, Perth and Dykes of Gray, Dundee
  - Commenced construction on second phase of private homes at Bertha Park
  - Planning approval received for PRS homes at Bertha Park and work commenced on site

Affordable Housing Delivery

- Revenue increased by 29.7% to £55.1m (2020: £42.5m) with 380 completions (2020: 308)
- Active in securing new contracts with an order book of £91.5m as at 31 May 2021 – Springfield's largest ever contracted order book for affordable housing
- Construction commenced at The Wisp, Edinburgh – a 104-home development – and on the first phase of 144 homes at Dalmarnock, Glasgow under agreements worth £18.5m and £18.2m respectively
- Continued progress under the local authority framework agreement with Moray Council for 10 affordable-only developments with four developments now completed
- Post period, completed handover of the second phase of affordable housing at Bertha Park Village and signed a contract to deliver the first Mid-Market Rent housing at the Village
- Established new partnerships: contracts signed with Berwickshire Housing Association and, post period, Aberdeenshire Council

Innes Smith, Chief Executive Officer of Springfield Properties, commented: "This has been an excellent year for Springfield. We have achieved our highest ever annual revenue and profit - exceeding £200m in revenue for the first time and by a significant amount - based on record results in both our private and affordable housing. We have substantially reduced our net debt position, demonstrating our ability to generate cash, and our strategic land sales towards the end of the year reflect our capacity to realise value from our large, high-quality land bank. I am also pleased that we have been able to maintain high levels of customer satisfaction and we have continued to take steps to improve our build quality, process and the sustainability of our business.

"Looking ahead, we entered the new financial year delivering against a significant order book, with excellent visibility over full year revenue. We are receiving sustained demand across the business supported by low interest rates, a competitive mortgage market and a prevailing shortage of homes across all tenures. In particular, this year we expect a significant increase in the contribution to revenue from affordable housing where we are delivering against a record order book. Our growth will also be supported by our first revenue from PRS housing and continued progress in private housing. As a result, on an underlying basis (excluding the contribution from land sales) we expect to report strong growth for the full year, in line with market expectations. Consequently, the Board continues to look to the future with confidence and to delivering sustainable value for all of our stakeholders."

Enquiries

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Analyst Presentation

Sandy Adam, Chairman, Innes Smith, Chief Executive Officer, and Michelle Motion, Chief Financial Officer, will be hosting a webinar for analysts at 11.00am BST today. To register to participate, please contact tanweersiddique@luther.co.uk.

Operational Review

For the year to 31 May 2021, Springfield achieved its highest ever annual revenue and profit – exceeding £200m in revenue for the first time. This reflects significant growth in both private and affordable housing, with total completions increasing to 973 homes (2020: 727).

Operations recommenced onsite from 15 June 2020 and all sales offices reopened on 29 June 2020. From the end of June 2020, the Group was able to begin handing over homes that had been nearing completion prior to lockdown. Construction activity had resumed on every site by mid-July and the Group quickly returned to normal build rate while maintaining strict protocols to ensure the health & safety of the workforce and customers.

During the year, Springfield continued to advance the execution of its strategy. In particular, Springfield commenced work on site for its first PRS housing, with Sigma Capital Group plc, which will further diversify the Group's revenue streams. The Group also made strategic land sales and a land purchase.

High global demand, COVID-19 and Brexit have resulted in material and labour supply constraints across the industry. However, the large proportion of fixed price contracts for materials that the Group had in place during the year as well as house price inflation served to mitigate the impact of increased material and labour costs. Similarly, Springfield's strong, established relationships with sub-contractors, together with its large directly employed workforce, helped the Group maintain the labour force needed.

Sustainability has always been a key element of Springfield's culture. During the year, the Group took steps to formalise its approach alongside continuing to improve its operations in this respect. The Group also commenced reviewing its Group-wide processes to identify areas to enhance efficiency as well as increase the quality of its offering.

Land Bank

This year Springfield continued to focus on realising value from its large, high-quality land bank and thereby strengthening the balance sheet. This was achieved through prioritising the delivery of homes nearing completion during the first half and with the strategic sale of land towards the end of the year. These land sales, which were material in nature, were across two of the Group's large (non-Village) developments in the Central Belt (for approximately 200 plots in total) to two national housebuilders. The Group also commenced construction of its first PRS homes, which targets a different customer base and therefore will accelerate the build out of the Villages.

However, the Group also continued to strategically invest in its land bank, purchasing 150 ha of land in Midlothian in the Edinburgh commuter belt. With this purchase, the Group intends to submit a planning application for a large development providing approximately 1,000 new homes in an area of high demand.

At 31 May 2021, the Group had 45 active developments (31 May 2020: 44 active developments) and during the year:

- 14 developments were completed;
- 16 new active developments were added to the land bank;
- planning gained on 609 plots over 11 developments;
- the proportion of the land bank with planning consent increased to 52.4% (31 May 2020: 49.4%); and
- as at 31 May 2021, the land bank consisted of 15,281 plots (31 May 2020: 15,882).

Private Housing

During the year, the Group completed 593 private homes (2020: 419). The average selling price for private housing increased to £244k compared with £236k for 2020 due to housing mix and house price inflation.

The Group had 25 active private housing developments at 31 May 2021 (31 May 2020: 25), with 8 active developments added during the period and 8 developments completed. In total, as at 31 May 2021, the private housing land bank was 11,078 plots on 57 developments (31 May 2020: 11,416 plots on 61 developments).

Planning consent was gained for 252 plots across 5 developments for private housing. As at 31 May 2021, 51.7% (5,726 plots) of private housing plots had planning consent (31 May 2020: 49.7%), with 23.8% going through the planning process and 24.5% at the pre-planning stage.

Village developments

Springfield Villages are standalone developments that include infrastructure and neighbourhood amenities. Each Village is designed to have up to approximately 3,000 homes, catering for around 7,000 residents, with ample green space and community facilities. They primarily offer private housing, but also include affordable housing and, beginning with Bertha Park, will soon include PRS housing. Springfield has three Villages that are already home to growing communities and two Village developments that are going through the planning process.

Private housing revenue from Springfield's Village developments increased by 43.0% over the previous year, with 150 private completions (2020: 112). This was based on strong growth in completions at Linkwood in Elgin where sales had been launched in the prior year. Sales also continued at the Group's most advanced Villages – Dykes of Gray near Dundee and Bertha Park near Perth. At present, 99% of the available homes at Springfield's Villages have either been sold, missived or reserved, reflecting their popularity. There was also an expansion of amenities and strengthening of community engagement, such as with the opening of convenience stores, appointment of community liaison officers and launching quarterly newsletters.

A key milestone was achieved with the commencement of work on site for PRS housing at Bertha Park with Sigma Capital Group plc ("Sigma"), a high-quality PRS provider specialising in suburban, family homes. It follows the receipt earlier in the year of planning approval for 75 homes to be built for PRS at Bertha Park and, post period, construction commenced. This will be Springfield's first PRS housing. The Group will deliver purpose-built houses for families to rent, which, following handover, will be owned, let and managed by Sigma. This is expected to increase the build out rate for the Village and underscores Springfield's commitment to develop mixed-tenure Villages that meet everyone's housing needs.

Also at Bertha Park, the Group commenced construction on the second phase of private housing, which consists of 25 homes, and, subsequently, on a further phase of 82 homes.

Other private housing highlights

Outside of the Village developments, the Group completed 443 private homes during the year (2020: 307). Private housing revenue excluding the contribution from Villages made up 76.5% of total private housing revenue (2020: 76.0%). In particular, there was a strong increase in completions in the North region and by the Group's Walker Group and Dawn Homes brands driven by new site launches.

Affordable Housing

The Group completed 380 affordable homes during the year (2020: 308). The average selling price was slightly higher at £145k compared with £138k for 2020.

The number of active affordable housing developments was 20 at 31 May 2021 (31 May 2020: 19), of which 10 were affordable-only developments (31 May 2020: nine). During the year, 8 active affordable housing developments were added to the land bank and 6 were completed. As at 31 May 2021, the total affordable housing land bank was 4,203 plots on 49 developments (31 May 2020: 4,466 plots on 47 developments).

The Group secured a number of new affordable housing contracts during the year. This has supported the contracted order book for affordable housing, which, as at 31 May 2021, was £91.5m for delivery over the next two years. This represents the Group's largest ever order book for affordable housing.

Key operational highlights in affordable housing during the year include commencing construction, which is progressing well, at The Wisp, Edinburgh under an £18.5m development agreement with PfP Capital for 104 apartments and at Dalmarnock, Glasgow under an £18.2m agreement with West of Scotland Housing Association for 144 affordable homes and two commercial units. This represents the first phase of construction at these two large developments that are for a total of 139 and 237 homes respectively.

Springfield continued to make progress under its local authority framework agreement with Moray Council for 10 affordable-only developments. The handover of two developments was completed during the period and a further development was handed over post period. This brings the total number of developments completed under this agreement to four, with a fifth currently nearing handover. Construction has also commenced on two new developments, one of which began post period after the Group secured the contract in the first half. Springfield is currently in contract negotiation for the remaining three developments under this agreement.

At Bertha Park Village, the handover was completed, post period, of the second phase of 58 affordable homes. Springfield furthered its commitment to developing mixed-tenure Villages with signing a contract with Kingdom Housing Association for the first Mid-Market Rent ("MMR") housing to be offered at Bertha Park, with construction commencing on the 28 apartments post period. MMR is a form of affordable housing under Scottish law where tenants generally pay a lower rent than their area's market rate, but more than local social housing tenants. In addition, a number of properties are currently being built at Bertha Park for Perth and Kinross Council that are adapted to specific client needs, such as being suited for a user of an electric wheelchair.

The Group continued to expand its partnership network. Springfield completed handovers of the first phase at Duns in the Scottish Borders to Berwickshire Housing Association, the Group's first project with this housing association, and signed a contract with them for the second phase. Springfield also signed, post period, its first contract with Aberdeenshire Council, which is for 38 homes at Banff.

During the year, the Group secured planning consent for 357 affordable housing plots across 11 developments (one of which was an affordable-only development). As at 31 May 2021, 54.3% (2,284 plots) of affordable housing plots had planning (31 May 2020: 48.7%), with 26.1% of plots going through the planning process and 19.6% at the pre-planning stage.

Financial Review

For the year ended 31 May 2021, revenue grew by 51.0% to £216.7m (2020: £143.5m). The significant increase reflects strong growth across private and affordable housing as well as other revenue. Private housing remained the largest contributor to Group revenue, accounting for 66.7% (2020: 68.9%) of total sales. The significant growth in Private housing revenues was driven by a large increase in completions in the North region and by the Group's Walker and Dawn homes brands helped by new site launches. Affordable housing revenue grew strongly with contracts signed and work commencing on several new developments during the year. Two strategic land sales accounted for the majority of the substantial increase in other revenues.

Revenue	2021 £'000	2020 £'000	Change
Private housing	144,584	98,924	+46.2%
Affordable housing	55,143	42,504	+29.7%
Other*	16,965	2,088	+712.5%
TOTAL	**216,692**	**143,516**	**+51.0%**

*Primarily land sales

Gross profit increased to £38.8m (2020: £27.4m) due to the significant increase in revenues noted above. Gross margin was 17.9% compared with 19.1% for the prior year, which primarily reflects the impact of the two strategic land sales. Adjusted gross margin (to exclude the contribution from land sales in both years) was 18.5% (2020: 18.6%).

Administrative expenses were £19.4m (2020: £16.5m) with the increase primarily reflecting staff costs as well as bank charges resulting from non-utilisation fees due to the significant reduction in bank debt. In 2021, administrative expenses included accrued bonus, which was absent from 2020 due to the cancellation of bonuses as part of the cost mitigation measures in response to the pandemic. The Group also had approximately 11 months of salary costs in 2021, compared with 10 months in the prior year, as 80% of employees had been brought back from furlough by the end of July 2020. However, these increases in administrative expenses were offset by cost mitigation measures implemented primarily in response to COVID-19 – with the Group achieving its target of realising £1m in cost savings on an annualised basis as part of the Group's cost saving programme.

Exceptional items were £0.6m (2020: £0.4m). This relates to the cost of furloughed employees of £2.3m (2020: £3.1m), largely offset by grant income of £2.1m (2020: £2.7m) received under the UK Government's Coronavirus Job Retention Scheme, and redundancy costs from a rationalisation of the business.

The Group made an operating profit of £19.1m (2020: £10.8m). Excluding exceptional items, operating profit was £19.8m (2020: £11.3m). Adjusted profit before tax and exceptional items was £18.5m (2020: £10.2m) and statutory profit before tax was £17.9m (2020: £9.7m).

Basic earnings per share (excluding exceptional items) increased to 14.41 pence (2020: 8.33 pence). Statutory basic earnings per share were 13.79 pence (2020: 7.89 pence). Return on capital employed (profit before interest and taxation divided by average capital employed, which is calculated as the average of 2021 and 2020 total assets less current liabilities) was 14.3% (2020: 8.3%).

Net debt at 31 May 2021 was £20.8m compared to £70.9m at 31 May 2020. This primarily reflects the significant increase in revenues, part of which was from homes where the majority of build costs had been incurred in the prior year but which were not handed over until the easing of lockdown in June 2020. The two significant land sales completed at the end of the financial year also contributed to the substantial reduction in net debt.

The Group's £18m 12-month term loan from Bank of Scotland secured in April 2020 was repaid in full in April 2021, having been fully drawn but never utilised. The revolving credit facility of £64.5m, which was put in place for three years in January 2019 with an expiry date in January 2022, was extended, post period in September 2021, for a further three years to January 2025 on similar terms to the existing facility.

Customer Satisfaction

As a result of the pandemic, the Group was required to adapt to new ways of engaging customers. This included making greater use of digital solutions, such as 'virtual walk throughs' and developing a facility to enable digital reservations with secure online payments. It also involved adapting more traditional arrangements, such as introducing ‘drive in’ reservations where customers remain in their vehicle while liaising with sales personnel. Compliance with Scottish Government guidance meant that for much of the year the Group’s after-sales service could only remain open for emergencies. The Group is pleased to report that, despite the challenges, the Group achieved a rating of 91.9% in this year’s In-House customer satisfaction survey and a Net Promoter Score of 52.

During the year, the Group also took steps to further improve its customer service processes, which is expected to have an impact from this current year. Springfield established a Customer Feedback Group, with representation from different roles across the business, to focus on the ‘voice’ of the customer and identifying opportunities for improvement through qualitative feedback contained in its In-House surveys. The Group also worked with an independent consultant to increase the efficiency and quality of the after-sales service, undertaking a review during the year and introducing changes post period. The Group will be closely monitoring customer experience in the coming months to ensure the changes have the desired effect.

Build and Quality

The Group has continued to take action across the business to improve product quality and the efficiency of the build process. In particular, to strengthen the quality standard across the Group, a minimum specification has been introduced that will be phased into new sites. Each home will include, as standard, features that are practical for customers such as a turfed back garden, outside tap, six-foot boundary fencing and cabling for electric vehicle charging in homes with driveways. This move further sets the Group apart from many of its competitors in terms of what is included as standard.

Post period, a review was commenced of the design, construction and plotting efficiency of the standard house types across the Springfield, Walker Group and Dawn Homes brands. The intention is to seek opportunities for improvement and refinement of the house-type range across the Group to enable its current large-scale sites to become more efficient and to make future sites and potential land bids more competitive.

Sustainability

Springfield has always had sustainability at its core. It is part of the Group’s culture to strive to do the right thing across its operations: whether it be the design of developments, engagement with stakeholders or in the way it looks after customers and employees. As an employer, Springfield has always sought to create a workplace where everyone can thrive, with a strong commitment to apprenticeships and other formal training. At present, over 15% of the Group’s workforce is in apprenticeships or formal training programmes.

The Group has undertaken several innovative environmental initiatives, such as the use of waste plastic roads, the early introduction of electric vehicle charging points within customers’ homes and the widespread use of Heat Pump technology. The Group recently introduced its first electric van for the timber kit factory, which marks the first step in the Group’s plan to phase out diesel vehicles in favour of a fully electric fleet, including the option of zero emission electric vehicles for staff.

In 2021, 91% of the homes completed by Springfield were constructed from timber kits. Springfield has had its own off-site timber frame factory for several years and last year the factory delivered 70% of the Group’s timber kits. With housebuilding peers striving to increase the number of the homes they deliver off-site and from timber, this is a key differentiator for the Group. With the exception of some bespoke apartment blocks delivered for affordable housing partners, the Group is committed to constructing all homes from timber. In addition, the timber used is sourced responsibly and accredited by the Forest Stewardship Council or the Programme for the Endorsement of Forest Certification.

The Group is already established on the route map to net zero and well prepared for the next step changes in energy standards. Springfield has now begun taking steps to formalise its approach to sustainability and to set measurable targets and benchmarks for improvement in the coming years. The Group values the importance of input from its employees, partners and other stakeholders in developing a strategic framework for ESG. Consultation has commenced and to support these efforts, post period, a Group Quality, Environment and Sustainability Manager was appointed and a specialist consultant has been engaged to work with the Board and senior management to ensure that the Group continues this journey on the right track.

Markets

The Group continues to be supported by strong short- and long-term market drivers across its private and affordable housing.

Demand for housing in Scotland continues to outstrip supply, which is supported by a competitive mortgage market with a good range of products and low interest rates. As a result, house prices remain buoyant, with an increase of 11.1% in the average house price in Scotland in the year to May 2021.

A further key trend is the increasing desirability for the type of housing Springfield offers. Customers are prioritising homes that are more spacious, with gardens and greenspace and, as particularly provided by the Group's Village developments, have local amenities within walking distance.

Key differences in the Scottish legal system continue to provide strong visibility. The Scottish missive system, which ensures that customers are contracted into the purchase much earlier in the build programme, gave added confidence that cancellations would be minimal as the Group recommenced work early in the new year. In addition, with all homes sold on freehold, where the buyer becomes the sole owner of both the building and the land on which it stands, the Group is not impacted by the ground rents investigations seen elsewhere in the UK.

While the COVID-19 shutdown disrupted progress towards the achievement of the Scottish Government's target to deliver 50,000 new affordable homes by May 2021, a clear commitment to the delivery and funding of affordable housing remains. Following re-election in May this year, the Scottish Government has established a new longer-term target to deliver 110,000 energy efficient affordable homes by 2032 with almost £3.5bn earmarked for affordable housing funding through to March 2026. Springfield's continued strong partnerships with local authorities and housing associations mean that it is well-placed to deliver homes to help achieve this target and meet the ongoing demand to help ensure everyone in Scotland has a great place to live.

Dividend

The Board is pleased to recommend a final dividend of 4.45p per share, subject to shareholder approval at the next Annual General Meeting, with an ex-dividend date of 4 November 2021, a record date of 5 November 2021 and a payment date of 9 December 2021. This brings the total dividend for the year, including the interim dividend already paid, to 5.75p per share (2020: 2.0p).

Outlook

Springfield entered the 2022 financial year delivering against a strong order book, with excellent visibility over full year revenue forecasts based on homes delivered, contracted (missived and affordable contracts) and reserved. In particular, the Group expects a significantly increased contribution to revenue from affordable housing, reflecting substantial growth in that segment. As at 31 May 2021, the Group's contracted order book in affordable housing was worth £91.5m for delivery over the next two years. This represents Springfield's highest ever order book for affordable housing. The Group will also receive its first revenue from PRS housing this year, which will further contribute to growth. In private housing, the Group is delivering against a significant order book and continues to receive strong demand. Accordingly, the Group expects to achieve the same level of sales for FY 2022 as for the year to 31 May 2021 (with FY 2021 having benefited from the large number of homes nearing completion at the end of the prior year that were rolled over due to the COVID-19 pandemic).

The Group continues to experience excellent demand across the business, which is supported by strong market drivers in private and affordable housing. There remains an undersupply of housing in Scotland and the desirability of the type of housing Springfield offers has increased. There is good mortgage availability and low interest rates, and the Scottish Government has restated its commitment to investing in the delivery of more affordable homes.

The Group is well-positioned to manage the moderate inflationary cost pressures, that are being experienced across the industry, thanks to its robust supply chain, with a high proportion of materials being procured directly. The Group also expects house price increases to absorb any increased build costs this year.

As a result, on an underlying basis (excluding the land sales), the Group expects to report strong growth for the year to 31 May 2022 over 2021, in line with market expectations. This is supported by excellent visibility over forecast revenues and reflects significantly increased sales of affordable housing, the first contribution from PRS housing and sustained delivery in private housing. Consequently, the Board continues to look to the future with confidence.

Publication of Annual Report

The Company's annual report and accounts for the year ended 31 May 2021 are being sent to shareholders today and have been made available on the 'Financial Results and Reports' page of the Company's website: https://www.springfield.co.uk/investor_relations/results_and_reports

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MAY 2021

	Note	2021 £000	2020 As restated (Note 2.1) £000
Revenue	3	216,692	143,516
Cost of sales		(177,895)	(116,165)
Gross profit		**38,797**	**27,351**
Administrative expenses before exceptional items		(19,422)	(16,520)
Exceptional items	5	(622)	(422)
Total administrative expenses		(20,044)	(16,942)
Other operating income		375	428
Operating profit		**19,128**	**10,837**
Finance income		367	320
Finance costs		(1,607)	(2,273)
Share of profits from joint venture		-	852
Profit before taxation		**17,888**	**9,736**
Taxation	4	(4,178)	(2,093)
Profit for the year and total comprehensive income		**13,710**	**7,643**
Profit for the year and total comprehensive income is attributable to:			
-Owners of the parent company		13,710	7,646
-Non-controlling interests		-	(3)
		13,710	**7,643**
Earnings per share (pence per share)			
Basic earnings on profit for the year	7	13.79p	7.89p
Diluted earnings on profit for the year	7	13.55p	7.81p
Adjusted earnings per share (pence per share)			
Basic earnings on profit for the year	7	14.41p	8.33p
Diluted earnings on profit for the year	7	14.16p	8.24p

The Group has no items of other comprehensive income.

These financial statements were approved and authorised for issue by the Board of Directors on 13 September 2021. Signed on behalf of the Board by:

Sandy Adam
Executive Chairman

Company number: SC031286

CONSOLIDATED BALANCE SHEET
FOR THE YEAR ENDED 31 MAY 2021

	Note	2021	2020 As restated (Note 2.1)
Non-current assets		**£000**	**£000**
Property, plant and equipment		4,539	6,342
Intangible assets		1,649	1,649
Investments		-	202
Deferred taxation		539	203
Trade and other receivables		5,411	4,899
		12,138	**13,295**
Current assets			
Inventories		156,774	174,400
Trade and other receivables		23,683	8,968
Cash and cash equivalents		15,826	1,522
		196,283	**184,890**
Total assets		**208,421**	**198,185**
Current liabilities			
Trade and other payables		51,646	20,571
Short-term bank borrowings		34,000	18,000
Deferred consideration	**8**	-	2,107
Short-term obligations under lease liabilities		760	1,188
Corporation tax		901	780
		87,307	**42,646**
Non-current liabilities			
Long-term bank borrowings		-	51,000
Long-term obligations under lease liabilities		1,854	2,255
Deferred taxation		2,920	2,413
Contingent consideration	**9**	3,900	3,797
Provisions	**10**	1,210	210
		9,884	**59,675**
Total liabilities		**97,191**	**102,321**
Net assets		**111,230**	**95,864**
Equity			
Share capital	**11**	128	122
Share premium	**11**	56,761	52,330
Retained earnings		54,341	43,412
Equity attributable to owners of the parent company		**111,230**	**95,864**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2021

	Note	Share capital £000	Share premium £000	Retained earnings £000	Non-controlling interest £000	Total £000
1 June 2019		120	50,118	38,292	30	88,560
Share issue		2	2,212	-	-	2,214
Total comprehensive income for the year		-	-	7,646	(3)	7,643
Share based payments		-	-	557	-	557
Acquisition of minority interest		-	-	-	(27)	(27)
Dividends	**6**	-	-	(3,083)	-	(3,083)
31 May 2020		**122**	**52,330**	**43,412**	**-**	**95,864**
Share issue		6	4,431	-	-	4,437
Total comprehensive income for the year		-	-	13,710	-	13,710
Share based payments		-	-	493	-	493
Dividends	**6**	-	-	(3,274)	-	(3,274)
31 May 2021		**128**	**56,761**	**54,341**	**-**	**111,230**

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

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR TO 31 MAY 2021

Cash flows generated from operations	Note	2021 £000	2020 £000
Profit for the year		13,710	7,643
Adjusted for:			
Exceptional items		622	422
Taxation charged		4,178	2,093
Finance costs		1,607	2,273
Finance income		(367)	(320)
Adjusted operating profit before working capital movement		**19,750**	**12,111**
Exceptional items – cash movement		(622)	(341)
Gain on disposal of tangible fixed assets		(148)	(71)
Share based payments		493	557
Non-cash movement		81	550
Share of joint venture profit		-	319
Amortisation of intangible fixed assets		61	8
Depreciation and impairment of tangible fixed assets		2,175	2,356
Operating cash flows before movements in working capital		**21,790**	**15,489**
Decrease/(increase) in inventory		17,498	(25,642)
(Increase)/decrease in accounts and other receivables		(14,321)	6,533
Increase/(decrease) in accounts and other payables		32,037	(22,960)
Net cash from/(used in) operations		**57,004**	**(26,580)**
Taxation paid		(4,227)	(3,125)
Net cash inflow/(outflow) from operating activities		**52,777**	**(29,705)**
Investing activities			
Purchase of property, plant and equipment		(206)	(553)
Proceeds on disposal of property, plant and equipment		218	101
Deferred consideration paid on acquisition of subsidiary		-	(4,000)
Net purchase of subsidiary undertakings		304	-
Interest received		13	38
Proceeds from joint venture loan		-	828
Net cash from/(used in) investing activities		**329**	**(3,586)**
Financing activities			
Proceeds from issue of shares		2,249	26
Proceeds from bank loans		-	38,000
Repayment of bank loans		(35,000)	-
Payment of lease liabilities		(1,480)	(1,531)
Dividends paid	**6**	(3,274)	(3,083)
Interest paid		(1,297)	(1,661)
Net cash (outflow)/inflow from financing activities		**(38,802)**	**31,751**
Net increase/(decrease) in cash and cash equivalents		**14,304**	**(1,540)**
Cash and cash equivalents at beginning of year		1,522	3,062
Cash and cash equivalents at end of year		**15,826**	**1,522**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR TO 31 MAY 2021

1. Organisation and Trading Activities

Springfield Properties PLC is incorporated and domiciled in Scotland as a public limited Company and operates from its registered office in Alexander Fleming House, 8 Southfield Drive, Elgin, Morayshire, IV30 6GR.

The Group consists of Springfield Properties PLC and its subsidiaries Glassgreen Hire Limited, DHomes 2014 Holdings Limited, Walker Holdings (Scotland) Limited and SP Sub 2018 Limited.

The Group also indirectly includes Dawn Homes Limited, DHPL Limited and DHHG1 Limited which are subsidiaries of DHomes 2014 Limited.

The Group also indirectly includes Walker Group (Scotland) Limited, Walker Contracts (Scotland) Limited and Craig Developments Limited which are subsidiaries of Walker Holdings (Scotland) Limited.

2. Summary of Significant Accounting Policies

The principal accounting policies adopted and applied in the preparation of the financial statements are set out below.

These have been consistently applied to all the years presented unless otherwise stated.

2.1 Basis of accounting

The financial information set out in this announcement does not constitute statutory accounts as defined in Section 434(3) of the Companies Act 2006. The consolidated balance sheet at 31 May 2021 and the consolidated profit and loss account, consolidated cash flow statement, consolidated statement of changes in equity and associated notes for the year then ended have been extracted from the Group's financial statements which were approved by the Board of Directors on 13 September 2021 and are audited with an unqualified opinion. The comparative consolidated financial information for the year ended 31 May 2020 is based on an abridged version of the Group's published financial statements for that year, which contained an unqualified audit report. A copy of the 2020 financial statements has been filed with the Registrar of Companies.

The financial statements of Springfield Properties PLC have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The Group has adopted all the standards and amendments to existing standards which are mandatory for accounting periods beginning on 1 June 2020.

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

Standards adopted for the first time

There are no new or revised standards effective for annual periods beginning on or after 1 April 2020 that are relevant to the Group.

Standards, amendments and interpretations to existing standards that are not yet effective

There are no new standards, amendments to existing standards or interpretations that are effective as at 31 May 2021 relevant to the Group. After Brexit, the UK will continue to apply International Accounting Standards in conformity with the requirements of the Companies Act 2006.

Prior period restatement

On reviewing the Group’s accounting policy for revenue recognition on construction contracts for the year ended 31 May 2020, the Board concluded that the application of the policy resulted in the Group accruing for costs that had not yet been incurred, which is now understood to be non-compliant with IFRS15. The Group has therefore moved to a policy based on stage of completion being determined by the development cost incurred as a proportion of the total expected development cost as this is considered to be in line with the satisfaction of the underlying performance obligations. The accounting policy note (Note 2.5) has been updated to reflect this change. As a result, in May 2020 both revenue and cost of sales have been reduced by £0.9m with no impact on the profit for the year. An amount of £2.8m has also been reclassified on the balance sheet from accruals to payments on account with no impact on current liabilities or net assets.

The Directors have reviewed the liabilities included in the provisions line in the prior year and have concluded, in line with accounting standards, that deferred taxation of £2,413,000, deferred consideration of £2,107,000 and contingent consideration of £3,797,000 should have been presented separately. The prior year has been restated to reflect that. These presentation changes have no impact on net assets in either period.

2.2 Basis of consolidation

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

All financial statements are made up to 31 May 2021.

All intra-Group transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation.

2.3. Functional and presentation currencies

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

2.4. Going concern

The financial year ending 31 May 2021 was an exceptional one for the Group with a strong rebound from COVID-19 seeing record sales and profit levels. The £18m term loan which was secured in April 2020 to cover the Group in the event of an extended lockdown period was repaid in full in April 2021.

The Group continues to have a strong relationship with Bank of Scotland as principal bankers. In September 2021, the revolving credit facility (£64.5m) was extended and is now repayable in January 2025. As part of securing the extension of the revolving credit facility the Group prepared a 3-year plan which incorporated the Board approved budget to May 2022.

A range of sensitivities were run including reducing selling prices, build costs increasing offset by land purchase delays and any associated revenue impact.

The extended bank facility and detailed 3-year plan gives the Directors comfort that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

2.5. Revenue and profit recognition

Sale of private homes

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

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

Revenue on contracts recognised over time

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

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

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

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

Land Sales

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

2.6. Grants

Grants are recognised when it is probable that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment. Revenue grants are credited to the profit and loss account as and when the relevant expenditure is incurred.

2.7. Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense in the period in which the services are received, unless those costs are required to be recognised as part of the cost of stock.

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 Group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

2.8. Retirement benefits

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

2.9. Net finance costs

Finance costs comprise interest payable on bank loans and the unwinding of the discount from nominal to present day value of provisions and lease liabilities. Finance income comprises the unwinding of the discount from nominal to present day value of shared equity. Interest income and interest payable is recognised in the income statement on an accruals basis.

2.10. Taxation

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

Current tax

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

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax is not recognised on temporary differences arising from the initial recognition of goodwill or other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit. Deferred tax is measured on a non-discounted basis using the tax rates and laws that have then been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting 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 profit and loss account, 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.

2.11. Exceptional items

Exceptional items are those material items which, by virtue of their size or incidence, are presented separately in the profit and loss account to enable a full understanding of the Group's financial performance.

Transactions that may give rise to exceptional items include transactions relating to acquisitions and costs relating to changes in share capital structure as well as redundancy and restructuring costs.

With respect to the impact of COVID-19, the furlough grant income received from the government has been separately disclosed within the consolidated profit and loss account as exceptional, due to its incremental nature. The direct furlough payroll costs are considered abnormal costs in the current year and consistent with previous years, any direct payroll costs reflecting employee down time (abnormal production) is expensed to the profit and loss account. Due to the COVID-19 pandemic and sites being closed from April until the end of June 2020, the quantum of direct employee down time in the current year is significant. The administrative furlough payroll costs disclosed as exceptional are considered to be interdependent with the related government grant income and while not being incremental or abnormal in nature, the government support measures were key in protecting these jobs. See Note 5.

2.12. Property, plant and equipment

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

Buildings	- 2% and 5% straight line
Plant and machinery	- 2-10 years straight line
Fixtures, fittings & equipment	- 2-5 years straight line
Motor vehicles	- 4-5 years straight line
Right of use leased assets	- over the lease term, straight line with no residual value

Land is not depreciated.

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

2.13. Intangible fixed assets

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

Market related assets

Market-related assets are expected to have an indefinite useful life; however, impairment reviews are performed annually. Any impairment losses or reversals of impairment losses are recognised immediately in the profit and loss account.

Goodwill on acquisition

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

Any impairment losses are recognised immediately in the profit and loss account.

2.14. Fixed asset investments

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

2.15. Impairment of fixed assets

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

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

2.16. Inventories and work in progress

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

Cost comprises of the invoiced value of the goods purchased and includes attributable direct costs, labour and production overheads.

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

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

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

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

2.17. Financial instruments

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

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

Financial assets at amortised cost

The Group's financial assets fall into loans and receivables category.

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

Impairment of financial assets

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

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

Derecognition of financial assets

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

Financial liabilities

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

Other financial liabilities

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

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

Derecognition of other financial liabilities

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

2.18. Deferred consideration

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

2.19. Cash and cash equivalents

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

2.20. Dividends

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

2.21. Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for leases of low value assets and leases with a duration of 12 months or less.

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

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received. Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease.

Right of use assets comprise the Group's existing premises in Elgin, Larbert, Livingston and Glasgow along with certain items of office equipment and motor vehicles.

2.22. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of a Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received net of direct issue costs.

Share capital represents the amount subscribed for shares at nominal value.

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

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

2.23. Share-based payments

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

3. Segmental Reporting

A segment is a distinguishable component of the Group's activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's chief operational decision makers to make decisions about the allocation of resources and assessment of performance and about which discrete financial information is available. In identifying its operating segments, management generally follows the Group's service line which represent the main products and services provided by the Group. The Directors believe that the Group operates in one segment:

- Housing building activity

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

	2021	2020
		As restated
Revenue	**£000**	**£000**
Private residential properties	144,584	98,924
Affordable housing	55,143	42,504
Other	16,965	2,088
Total revenue	**216,692**	**143,516**
Gross profit	**38,797**	**27,351**
Administrative expenses	(19,422)	(16,520)
Exceptional items	(622)	(422)
Other operating income	375	428
Finance income	367	320
Finance costs	(1,607)	(2,273)
Share of profits from joint venture	-	852
Profit before tax	**17,888**	**9,736**
Taxation	(4,178)	(2,093)
Profit for the year	**13,710**	**7,643**

4. Taxation

	2021	2020
	£000	**£000**
Current tax		
UK corporation tax on profits for the current period	4,016	1,929
Adjustments in respect of prior periods	(10)	101
	4,006	2,030
Deferred tax		
Origination and reversal of timing differences	158	61
Adjustments in respect of prior periods	14	2
	172	63
	4,178	2,093

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

	2021	2020
	£000	**£000**
Profit before tax	17,888	9,736
Tax at the UK corporation tax rate of 19% (2020: 19%)	3,399	1,850
Effects of:		
Tax effect of expenses that are not deductible in determining taxable profit	19	30
Exceptional items – no deductions	-	15
Adjustments in respect of prior years	(10)	101
Depreciation on assets not qualifying for tax allowances	17	5
Deferred tax adjustments in respect of prior years	14	2
Land remediation relief	-	(1)
Other timing differences	(105)	102
Adjust deferred tax to closing average rate	844	(11)
Tax charge for period	4,178	2,093

5. Exceptional Items

	2021 £000	2020 £000
Redundancy costs	389	-
Acquisition and other transaction related costs[1]	-	81
Wages costs for furloughed employees[2]	2,318	3,064
	2,707	3,145
Grant furlough income[2]	(2,085)	(2,723)
	622	422

(1) 2020 Acquisition and other transactions related costs relate to the planning being achieved at Carlaverock which had previously been assessed as 98% likely

(2) The £2,318k (2020: £3,064k) is the Company cost of all employees who were on furlough during the year. The £2,085k (2020: £2,723k) is the furlough grant income received from the UK government in relation to the furloughed employees for the year.

6. Dividends

On 30 October 2020, a final dividend of 2.0p (2020: 3.2p) per share was paid to shareholders, amounting to £1,957,644 (2020: £3,083,186). In respect of the current year, on 23 February 2021, an interim dividend of 1.3p (2020: nil) per share was paid to shareholders, amounting to £1,316,186 (2020: £nil). The Directors propose that a dividend of 4.45p per share will be paid to shareholders on 9 December 2021. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The proposed final dividend for 2021 is payable to all shareholders on the Company's Register of Members on the record date of 5 November 2021.

7. Earnings per share

The basic earnings per share is based on the profit for the year divided by the weighted average number of shares in issue during the year. The weighted average number of ordinary shares for the year ended 31 May 2021 assumes that all shares have been included in the computation based on the weighted average number of days since issue.

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

	2021 £000	2020 £000
Profit for the year attributable to owners of the Company	13,710	7,646
Adjusted for the impact of exceptional costs in the year	622	422
Normalised earnings	14,332	8,068
Weighted average number of ordinary shares for the purpose of basic earnings per share	99,436,929	96,850,807
Effect of dilutive potential shares: share options	1,767,609	1,080,721
Weighted average number of ordinary shares for the purpose of diluted earnings per share	101,204,538	97,931,528
Earnings per ordinary shares (pence per share)		
Basic earnings per share on profit for the year	13.79	7.89
Diluted earnings per share on profit for the year	13.55	7.81
Underlying earnings per ordinary shares (price per share)[1]		
Basic earnings per share on profit for the year	14.41	8.33
Diluted earnings per share on profit for the year	14.16	8.24

(1) Underlying earnings is presented as an additional performance measure and is stated before exceptional items.

8. Deferred Consideration

As part of the purchase agreement of Walker Holdings (Scotland) Limited, there was a further £4,375,000 of Deferred consideration payable. This can be broken down into: (i) £2,187,500 payable on the first anniversary of the acquisition date (31 January 2020); (ii) £2,187,500 payable on the second anniversary of the acquisition date (31 January 2021). The outstanding discounted amount payable at the period end is £nil (2020: £2,107,289).

	2021	2020
	£000	£000
Deferred consideration	-	2,107
	-	**2,107**

9. Contingent consideration

As part of the purchase agreement of Walker Holdings (Scotland) Limited, there was a further £6,000,000 payable which is included within Provisions. £4,000,000 is payable when outline planning is granted at Carlaverock and £2,000,000 payable when detailed planning is granted at Carlaverock with probability was assessed at 98% and 95% respectively. The outstanding discounted amount payable at the period end is £1,900,000 (2020: £1,796,486). The remaining £100,000 (5% on the £2,000,000 still to be paid) has been treated as a contingent liability due to the uncertainty over the future payment.

As part of the purchase agreement of DHomes 2014 Limited there was a further £2,500,000 payable for an area of land if (i) we make a planning application when we reasonably believe the council will recommend approval; or (ii) it is zoned by the council. The directors have assessed the likelihood of the land being zoned and have included provision of £2,000,000 based on 80% probability. The outstanding amount payable at the period end included within Provisions is £2,000,000 (2020: £2,000,000). The remaining £500,000 (20% on the £2,500,000 still to be paid) has been treated as a contingent liability due to the uncertainty over the future payment.

	2021	2020
	£000	£000
Acquisition of DHomes 2014 Holdings Limited ("Dawn")	2,000	2,000
Acquisition of Walker Holdings (Scotland) Limited ("Walker")	1,900	1,797
	3,900	**3,797**

10. Provisions

Dilapidation provisions are included for all rented buildings within the Group. An onerous lease provision has been created due to the closure of the Walker office in Livingston. Maintenance provisions relate to costs to come on developments where the final homes have been handed over.

	2021	2020
	£000	£000
Dilapidation provision	185	-
Onerous lease provision	200	-
Maintenance provision	825	210
	1,210	**210**

11. Share capital

The Company has one class of ordinary share which carry full voting rights but no right to fixed income or repayment of capital.

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

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

Ordinary shares of 0.125p - allotted, called up and fully paid	Number of shares	Share capital £000	Share premium £000
At 1 June 2020	97,860,963	122	52,330
Share issue	4,216,563	6	4,431
At 31 May 2021	**102,077,526**	**128**	**56,761**

During the year 2,539,270 shares (2020: 30,660) were issued in satisfaction of share options exercised.

On 31 January 2021, 1,677,293 shares (2020: 1,480,742) were issued to satisfy the second anniversary (2020: first anniversary) payment for Walker Holdings (Scotland) Limited.

12. Transactions with related parties

Other related parties include transactions with a retirement schemes in which Directors and close family members of key management personnel are beneficiaries.

During the year dividends totalling £1,415k (2020: £1,446k) were paid to key management personnel (Board of Directors and the members of the Operational Board).

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

	2021 £000	2020 £000
Short-term employee benefits	3,539	2,314
Share-based payments	356	186
Post-employment benefits	181	175
	4,076	**2,675**

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

	Sale of goods		Purchase of goods	
	2021 £000	**2020 £000**	**2021 £000**	**2020 £000**
Bertha Park Limited (1)	8,989	14,911	-	-
DHHG 1 Limited (2)	-	2,519	-	-
Other entities which key management personnel have control, significant influence or hold a material interest in	118	1,249	33	232
Key management personnel	44	32	-	-
Other related parties	121	5	313	-
	9,272	**18,716**	**346**	**232**

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

	Rent paid	
	2021 £000	**2020 £000**
Entities which key management personnel have control, significant influence or hold a material interest in	176	153
Key management personnel	11	3
Other related parties	128	104
	315	**260**

	2021	2020
	£000	£000
Interest received:		
Entities which key management personnel have control, significant influence or hold a material interest in	355	260
	355	**260**

The following amounts were outstanding at the reporting end date:

	2021	2020
	£000	£000
Amounts receivable:		
Bertha Park Limited (1)	6,772	6,755
DHHG 1 Limited (2)	-	26
Other entities which key management personnel have control, significant influence or hold a material interest in (short-term)	3	3
Key management personnel	3	-
Other related parties	3	-
	6,781	**6,784**

	2021	2020
	£000	£000
Accounts payable:		
Entities which key management personnel have control, significant influence or hold a material interest in	8	15
James Adam	-	283
Other related parties	58	-
	66	**298**

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

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

(1) Bertha Park Limited is a Company in which Sandy Adam and Innes Smith are Directors. During the year the Group made sales to Bertha Park Limited of £8,989k (2020: £14,911k) in relation to a build contract. At the year-end £1,772k (2020: £2,411k) is included in trade debtors and included within other debtors is a loan of £5,000k (2020: £4,344k) at the year-end.

(2) During the year, DGGH 1 Limited became a wholly owned subsidiary therefore the transactions during the year are eliminated on consolidation. For the year ended 31 May 2021, DHHG 1 Limited was a jointly owned entity of Dawn Homes Limited, which Michelle Motion is a Director. Comparative figures show that the Group made sales to DHHG 1 Limited totalling £2,519k in relation to a build contract and management fees. At 31 May 2020 £26k was due from DHHG 1 Limited.

13. Analysis of net debt

The analysis of net debt is as follows:

	2021	2020
	£000	£000
Cash in hand and bank	15,826	1,522
Bank borrowings	(34,000)	(69,000)
	(18,174)	(67,478)
Lease liability	(2,613)	(3,443)
Net debt	**(20,787)**	**(70,921)**