

Company Registration No. SC031286 (Scotland)

**SPRINGFIELD PROPERTIES PLC**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2017**

# SPRINGFIELD PROPERTIES PLC

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# SPRINGFIELD PROPERTIES PLC

## COMPANY INFORMATION

DIRECTORS:

Mr A W Adam  
Mrs A F Adam  
Mr J G Adam  
Mr I Smith  
Mr R MacLeod  
Mr R Eddie (non-executive)  
Ms M H Motion  
Mr M Benson (non-executive)  
Mr E MacLeod  
Mr T Leggeat

SECRETARY:

Ms M H Motion

REGISTERED OFFICE:

Alexander Fleming House  
8 Southfield Drive  
ELGIN  
IV30 6GR

COMPANY REGISTRATION NUMBER:

SC031286 (Scotland)

SOLICITORS:

Kerr Stirling LLP  
10 Albert Place  
STIRLING  
FK8 2QL

Burness Paull  
50 Lothian Road  
Festival Square  
EDINBURGH  
EH3 9WJ

INDEPENDENT AUDITOR:

Johnston Carmichael LLP  
Commerce House  
South Street  
ELGIN  
IV30 1JE

# SPRINGFIELD PROPERTIES PLC

## CHAIRMAN'S STATEMENT

### FOR THE YEAR ENDED 31 MAY 2017

I am pleased to report another year of strong growth with turnover increasing 22% to £111 million and profit before tax by 31% to £6.7 million. Reaching the milestone of £100 million revenue for the first time in our history has largely been due to the tremendous work carried out by each and every one of our 500 staff.

Springfield Properties is a leading housebuilder focused on Scotland offering high-quality private and affordable housing. In the year ended 31 May 2017, Springfield saw growth in all parts of its business as completions increased with 620 new homes and the group adding significantly to the strong land bank that secures our future growth. At year end, our strong land bank (including secured sites subject to planning) stood at 9,195 plots.

#### ***Private Housing***

Springfield's private housing business has achieved a strong reputation in Scotland of delivering high-quality, high-specification housing with the widest range of choice offered to homeowners. We have also developed a core competency in developing difficult sites. Our advantage lies in the fact that our decision making process is flexible and quick as everything is done locally in Scotland.

During the year, we built 437 private homes, representing a year-on-year growth of 10%. In the private housing business, our main focus for this year has been to progress the Springfield Villages. We have a current pipeline of five villages secured in strong locations near fast-growing cities and well connected to transport infrastructure. These five villages will deliver 10,000 homes and provide us with a firm base for the future. Our 'Village' concept involves developing larger sites of 800 to 3,000 homes and includes amenities such as schools, high street, medical centres etc. By building full villages we benefit from planning efficiencies as we control the full masterplan, from rising land values and from securing approximately 20 years of development with known land costs.

The Dykes of Gray village near Dundee, which will have potentially 1,500 new homes, is already up and running and provided us with 48 sales this year, bringing the total number of completions to 56. The finished product – both the homes and the community areas – look superb and set the standard for our other villages.

We have also made a start at the Wisp village near Edinburgh, where the first of potentially 800 homes are under construction and sales are strong. At Bertha Park village in Perth, which will be around 3,000 homes, the access road is under construction, and will see the start of construction and sales on site from autumn 2017. At Elgin village, we are still obtaining the necessary contracts and construction of the 2,500 homes is expected to start in 2018. Post-period, plans for the first 870 new homes, two new schools and the state-of-the-art Moray Sports Centre were approved by Moray Council Planning Committee.

A fifth village has been added to our portfolio in the past year. Durieshill near Stirling will provide us with 2,500-3,000 homes. We have secured the land and are working on the planning application.

#### ***Affordable Housing***

Springfield has achieved a solid track record since we entered the affordable housing market in 2002. This part of the group's business has contracted revenues and low capital exposure.

Over the years we have increasingly become a trusted partner of local authorities as we steadily increase the number of affordable homes built and handed over. One of our main aims over the past two years has been to increase the size of our affordable housing business. This year we have built 183 affordable homes, up 91% from 2015/2016. This brings the number of affordable homes built to date to over 1,500 homes, and gives us approximately 4% share of the affordable housing market in Scotland.

The Scottish Government has allocated £3.2 billion to build 50,000 affordable homes over the course of this parliament. This is a massive increase from the 30,000 target of the last five years. Our land buying and planning team have been busy securing land to help meet this target and we expect to see positive results from this activity start to feed through into our accounts next year. We have strong relationships with 12 local authorities and housing associations and are negotiating with seven more. These relationships will be instrumental in reaching our target to double turnover in affordable housing over the next two years.

# SPRINGFIELD PROPERTIES PLC

## CHAIRMAN'S STATEMENT

### FOR THE YEAR ENDED 31 MAY 2017 (CONTINUED)

#### Outlook

As we look to the future, I would like to express gratitude to those who have enabled us to reach this point. In particular, on behalf of the management team, I would like to thank all of our 500 staff for their on-going support. With the strengthening of Springfield's foundations and the long-term growth drivers showing no sign of abating, we look forward to delivering further growth in 2017/18.

In the 2017/2018 year, our focus will continue to be to progress our five villages and bring those most advanced towards completion. To be given the privilege to design and build a complete village is an awesome responsibility, one that everyone in Springfield relishes, particularly in the knowledge that our work will be a feature of the Scottish built environment for hundreds of years to come.

In our affordable housing business, we expect to double our efforts and continue to grow.

There is no doubt that there will be many changes to come and we will approach them with our usual enthusiasm. The things that make Springfield successful - our focus on customers and quality - will not change. They will go on making Springfield successful whatever the challenges.

It's an exciting future for Springfield!

A handwritten signature in black ink, appearing to read 'AWA', followed by a long, horizontal, sweeping underline.

Mr A W Adam

**Chairman**

21 August 2017

# SPRINGFIELD PROPERTIES PLC

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 MAY 2017

#### REVIEW OF THE BUSINESS

The principal business of the group continued to be that of property development. The Chairman's Statement on page 3 details activities and development of the business over the year.

#### FINANCIAL AND BUSINESS HIGHLIGHTS

Highlights include:

- Revenue increased by 22% to £111m
- Profit before tax increased by 31% to £6.7m
- The group built its 4,000<sup>th</sup> home
- Completions increased by 25% with 620 new homes handed over
- 91% increase in affordable housing handovers
- 4 new villages are at various stages in planning and build for 800 to 3,000 homes
- Land for a 5<sup>th</sup> new village secured near Stirling with potential for 3,000 homes. Land for new villages already secured in Dundee – potentially 1,500 homes, Edinburgh – potentially 800 homes, Perth – potentially 3,000 homes, and Elgin – potentially 2,500 homes.

#### KEY PERFORMANCE INDICATORS

##### 2017 vs 2016

##### Financial

	May-17	May-16
	£000	£000
Revenue	110,589	90,779
Gross Profit	16,684	13,790
Operating Profit	7,832	6,109
Profit before Tax	6,691	5,101
Work in Progress	81,800	73,837
Working Capital	70,158	55,095
Net Assets	32,387	29,245

Completions			
		Homes	Homes
	Private	437	399
	Affordable	183	96
	Total	620	495

Average Selling Price			
		£000	£000
	Private	197.6	195.7
	Affordable	127.0	125.6

# SPRINGFIELD PROPERTIES PLC

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 MAY 2017 (CONTINUED)

#### Personnel

- Number of employees up to 491 in May 2017 from 456 in May 2016
- 104 employees, 21.2% of the workforce in training / apprenticeships in May 2017, up from 19.3% of the workforce in May 2016

#### Environmental

All homes are designed to the latest environmental standards. Within the regulatory requirements when designing homes we work to optimise the following: improving profitability, reducing environmental impact and minimising energy bills for customers.

Affordable housing is built to an environmental standard higher than regulatory requirement reducing the environmental impact of our homes overall.

#### Quality Management

The company is accredited to ISO 19011-2011 standard. During 2017 there was a rise of 32% in the number of improvements actioned as a result of quality management compared to 2016.

#### KEY RISKS AND UNCERTAINTIES

Area of risks identified and mitigated against include: market, credit, liquidity, price / sales, cash flow, resources, legal and regulatory, health and safety, land supply, planning and funding. Market, credit and liquidity risk are dealt with at note 26 of the financial statements.

#### Price / Sales Risk

The risk of facing reduced demand in an area is mitigated by

- Regular reviews of market conditions, product range, pricing and geographic spread to make sure the right homes are delivered in the right places at a profitable price.
- Customer service, quality of build and customer satisfaction are monitored to maintain reputation.
- Monitoring of changes in government housing policy highlights opportunities and allows forward planning to mitigate risks identified as result of changes in policy.
- Mortgage availability remained strong. Any reduction in mortgage availability in the private market is mitigated by growth of the affordable housing side of the business.

#### Cash Flow Risk

Detailed budgeting and regular forecasting allows efficient management of future cash flows.

#### Resources Risk

The labour market is competitive and there is some upward pressure on building materials.

Strategies in place to maintain Springfield's reputation as a good employer and ensure the appropriate supply of skills includes:

- remuneration and reward review
- annual training review for every employee
- a board led culture of empowerment

Upward pressure on materials prices is being mitigated by:

- actively seeking alternative suppliers and materials
- standardising materials and products across construction to add to buying power
- negotiating deals at a national level directly with manufacturers

#### Legal and Regulatory Risk

The group has an in house legal department which advises and supports the group with legal compliance.

# SPRINGFIELD PROPERTIES PLC

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 MAY 2017 (CONTINUED)

#### Health and Safety Risk

There are health and safety risks inherent to construction. Health and safety is an agenda item at every board meeting. The group has an in house health and safety department which ensures overall compliance by

- monitoring health and safety standards across sites with regular visits
- taking action where required
- initiating training
- introducing or updating applicable policies or procedures

#### Land Supply Risk

The risk of securing sufficient land is mitigated by a healthy and growing supply of land secured by contract (17 years plus) in a spread of geographic locations which will appeal to our range of customers. Land is brought forward, through the planning system, in tranches considered by the board to be sufficient to allow the company to achieve its plans for growth.

#### Planning Risk

Delays in receiving planning consents could interrupt business. Planning is dealt with internally by expert planners who have good relationships with local authorities. And who are supported by a full architectural and design team. The board reviews the balance of land held at the various stages of planning to ensure the appropriate flow of consented land.

#### Funding Risk

The group has bank facilities which have appropriate covenants and sufficient headroom in place. The group and funders communicate regularly.

#### FINANCIAL RISK MANAGEMENT OBJECTIVES

Details of the group's financial risk management objectives and policies are set out in Note 26 to these financial statements.

#### FUTURE DEVELOPMENTS

Future development of the group is dealt with in the Chairman's Statement.

Mr A W Adam



**Chairman**

21 August 2017



# SPRINGFIELD PROPERTIES PLC

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 MAY 2017

The directors present their annual report and the audited financial statements of the group for the year ended 31 May 2017.

#### PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The group is no longer required to include the Principal Activity and Review of the Business within the Directors' Report. This information is now included within the Strategic Report above, as part of the 'Review of the Business' under the Amendment to the Companies Act 2006 of s.414c(2a).

#### DIRECTORS

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

<b>Name</b>	<b>Position</b>
Mr A W Adam	Chairman
Mrs A F Adam	Director
Mr J G Adam	Director
Mr I Smith	Managing Director
Mr R MacLeod	Civils Director
Mr R Eddie	Non-Executive Director
Ms M H Motion	Financial Director
Mr M Benson	Non-Executive Director
Mr E MacLeod	Commercial Director
Mr T Leggeat	Partnerships Director

#### DIRECTORS' INTERESTS

The directors' interests in the share capital of the company at 31 May 2017, held either directly or through related parties, were as follows:

<b>Name of director</b>	<b>Number of ordinary shares</b>	<b>% of ordinary share capital and voting rights</b>
Mr A W Adam		
- Direct	3,112,500	42.6%
- Indirect	1,464,746	20.1%
Mrs A F Adam	926,200	12.7%
Mr J G Adam	1,274,000	17.4%
Mr I Smith		
- Direct	32,400	0.4%
- Indirect	77,092	1.1%
Mr R MacLeod	51,900	0.7%
Mr R Eddie	-	0.0%
Ms M H Motion	1,000	0.0%
Mr M Benson	-	0.0%
Mr E MacLeod	414	0.0%
Mr T Leggeat	1,230	0.0%
	<b>6,941,482</b>	<b>95.0%</b>

# **SPRINGFIELD PROPERTIES PLC**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 MAY 2017 (CONTINUED)**

#### **RESULTS AND DIVIDENDS**

The results for the year are set out on page 14.

Ordinary dividends were paid amounting to £2,336,930 (2016 - £2,132,910), equating to 32p (2016 – 30p) per share. There is no final dividend proposed.

#### **EMPLOYEE CONSULTATION**

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

Once a year employees are given the opportunity to purchase shares in the company.

#### **DISABLED PERSONS**

The group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitude and abilities.

#### **EQUAL OPPORTUNITIES**

The group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on various factors affecting the performance of the group. This is achieved through formal and informal meetings. Equal opportunity is given to all employees regardless of their sex, age, colour, race, religion or ethnic origin.

#### **POST YEAR END EVENTS**

Details of post year end events are included in note 31 to the financial statements.

#### **GOING CONCERN**

The directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future and thus they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in note 2.4 of the financial statements.

#### **DISCLOSURE OF INFORMATION TO THE AUDITOR**

In the case of each of the persons who are directors of the company and group at the date when this report is approved:

- So far as each director is aware, there is no relevant audit information of which the company and group's auditor is unaware; and
- Each of the directors has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the auditor is aware of the information.

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

# **SPRINGFIELD PROPERTIES PLC**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 MAY 2017 (CONTINUED)**

#### **BOARD OF DIRECTORS**

The group supports the concept of an effective Board leading and controlling the group. The Board of Directors is responsible for approving company and group policy and strategy. It meets regularly and has a schedule of matters specifically reserved to it for decision. All directors have access to advice from independent professionals at the group's expense. Training is available for new and existing directors as necessary.

#### **COMMUNICATION WITH SHAREHOLDERS**

Communications with shareholders are given a high priority by the management. In addition to the publication of an annual report and an interim report, there is regular dialogue with shareholders and analysts.

#### **INTERNAL CONTROL**

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

#### **AUDITOR**

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

The auditor, Johnston Carmichael LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### **REMUNERATION**

The remuneration of the directors has been fixed by the Board as a whole. The Board seeks to provide appropriate reward for the skill and time commitment required so as to retain the right calibre of director at a cost to the group which reflects current market rates.

Details of directors' fees and of payments made for professional services rendered are set out in Note 7 to the financial statements.

#### **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

Details of the financial risk management objectives and policies are set out in Note 26 to these financial statements.

On behalf of the board



Mr A W Adam

**Chairman**

21 August 2017

# SPRINGFIELD PROPERTIES PLC

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare group and company financial statements for each financial year. Under that law the directors have elected to prepare group financial statements in accordance with International Financial Reporting Standards ("IFRS" as adopted by the European Union ("EU")) and have also elected to prepare the parent company financial statements in accordance with IFRS as adopted by the EU. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the parent company and profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable IFRSs 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 group and parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the group and parent company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and parent company and hence for taking reasonable steps for the prevention and detection of 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 United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the board

A handwritten signature in black ink, appearing to read 'AWA', followed by a long horizontal line extending to the right.

Mr A W Adam

**Chairman**

21 August 2017

# **SPRINGFIELD PROPERTIES PLC**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPRINGFIELD PROPERTIES PLC**

We have audited the financial statements of Springfield Properties Plc for the year ended 31 May 2017, which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated and Company Statements of Cash Flows, the Consolidated and Company Statements of Changes in Equity and the related notes numbered 1 to 31. The financial reporting framework that has been applied in their preparation is the applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 group'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 Statement of Directors' Responsibilities set out on page 11, 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**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **OPINION ON FINANCIAL STATEMENTS**

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 May 2017 and of the group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with IFRS as adopted by the European Union; and
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

## **SPRINGFIELD PROPERTIES PLC**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPRINGFIELD PROPERTIES PLC (CONTINUED)**

#### **OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

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

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

#### **MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

In light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

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

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



**David McBain (Senior Statutory Auditor)  
for and on behalf Johnston Carmichael LLP**

21 August 2017

**Chartered Accountants  
Statutory Auditor**

Commerce House  
South Street  
Elgin  
IV30 1JE

# SPRINGFIELD PROPERTIES PLC

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MAY 2017

	Notes	2017 £000	2016 £000
Revenue	4	110,589	90,779
Cost of sales		(93,905)	(76,989)
<b>Gross profit</b>		16,684	13,790
Administrative expenses		(8,945)	(7,811)
Other operating income		93	130
<b>Operating profit</b>	5	7,832	6,109
Interest receivable and similar income		4	1
Finance costs	8	(1,145)	(1,009)
<b>Profit before tax</b>		6,691	5,101
Tax	9	(1,278)	(1,036)
<b>Profit for the year and total comprehensive income</b>		5,413	4,065
Profit for the year and total comprehensive income is attributable to:			
-Owners of the parent company		5,359	4,065
-Non-controlling interests		54	-
		5,413	4,065
<b>Earnings per share</b>			
Basic earnings, on profit for the year (pence per share)	10	73.42p	57.08p

The group has no items of other comprehensive income.

**SPRINGFIELD PROPERTIES PLC**  
**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 MAY 2017**

	Note	2017 £000	2016 £000	As at 1 June 2015 £000
<b>Non-current assets</b>				
Property, plant and equipment	12	2,803	2,214	2,120
Accounts receivable	17	488	485	467
		3,291	2,699	2,587
<b>Current assets</b>				
Inventories and work in progress	15	81,800	73,837	60,611
Accounts receivable	16	6,447	4,105	5,134
Cash and cash equivalents		8,335	2	12
		96,582	77,944	65,757
<b>Total assets</b>		99,873	80,643	68,344
<b>Current liabilities</b>				
Accounts payable	18	25,050	20,049	20,498
Short-term borrowings	20	-	1,750	1,475
Short-term obligations under finance lease	21	500	341	349
Corporation tax		874	709	176
		26,424	22,849	22,498
<b>Non-current liabilities</b>				
Long-term borrowings	20	40,429	28,182	19,327
Long-term obligations under finance lease	21	588	309	247
Deferred tax	22	45	58	58
		41,062	28,549	19,632
<b>Total liabilities</b>		67,486	51,398	42,130
<b>Net assets</b>		32,387	29,245	26,214
<b>Equity</b>				
Share capital	23	73	73	71
Share premium	23	10,285	10,177	9,080
Retained earnings		22,017	18,995	17,063
Equity attributable to owners of the parent company		32,375	29,245	26,214
Non-controlling interests		12	-	-
		32,387	29,245	26,214

These financial statements were approved by the Board of Directors on 21 August 2017

Signed on behalf of the Board by:

**Mr A W Adam**  
Chairman



**Company number: SC031286**

The accompanying notes on pages 21 to 47 form an integral part of these financial statements.



# SPRINGFIELD PROPERTIES PLC

## COMPANY BALANCE SHEET

AS AT 31 MAY 2017

	Note	2017 £000	2016 £000	As at 1 June 2015 £000
<b>Non-current assets</b>				
Property, plant and equipment	12	1,717	2,214	2,120
Investments	14	42	-	-
Accounts receivable	17	488	485	467
		<u>2,247</u>	<u>2,699</u>	<u>2,587</u>
<b>Current assets</b>				
Inventories and work in progress	15	81,800	73,837	60,611
Accounts receivable	16	6,585	4,105	5,134
Cash and cash equivalents		8,324	2	12
		<u>96,709</u>	<u>77,944</u>	<u>65,757</u>
<b>Total assets</b>		98,956	80,643	68,344
<b>Current liabilities</b>				
Accounts payable	18	25,040	20,049	20,498
Short-term borrowings	20	-	1,750	1,475
Short-term obligations under finance lease	21	222	341	349
Corporation tax		767	709	176
		<u>26,029</u>	<u>22,849</u>	<u>22,498</u>
<b>Non-current liabilities</b>				
Long-term borrowings	20	40,429	28,182	19,327
Long-term obligations under finance lease	21	336	309	247
Deferred tax	22	38	58	58
		<u>40,803</u>	<u>28,549</u>	<u>19,632</u>
<b>Total liabilities</b>		<u>66,832</u>	<u>51,398</u>	<u>42,130</u>
<b>Net assets</b>		<u>32,124</u>	<u>29,245</u>	<u>26,214</u>
<b>Equity</b>				
Share capital	23	73	73	71
Share premium	23	10,285	10,177	9,080
Retained earnings		21,766	18,995	17,063
		<u>32,124</u>	<u>29,245</u>	<u>26,214</u>
<b>Total equity</b>		<u>32,124</u>	<u>29,245</u>	<u>26,214</u>

As permitted s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £5,108,803 (2016 - £4,064,549).

These financial statements were approved by the Board of Directors on 21 August 2017

Signed on behalf of the Board by:

Mr A W Adam  
Chairman



Company number: SC031286

The accompanying notes on pages 21 to 47 form an integral part of these financial statements.

# SPRINGFIELD PROPERTIES PLC

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MAY 2017

	Notes	Share capital £000	Share premium £000	Retained earnings £000	Non-controlling interest £000	Total £000
<b>1 June 2015</b>		71	9,080	17,063	-	26,214
Issue of share capital	<b>23</b>	2	1,097	-	-	1,099
Total comprehensive income for the year		-	-	4,065	-	4,065
Dividends		-	-	(2,133)	-	(2,133)
<b>31 May 2016</b>		73	10,177	18,995	-	29,245
Issue of share capital	<b>23</b>	-	108	-	-	108
Total comprehensive income for the year		-	-	5,359	54	5,413
Acquisition of minority interest		-	-	-	(42)	(42)
Dividends		-	-	(2,337)	-	(2,337)
<b>31 May 2017</b>		<b>73</b>	<b>10,285</b>	<b>22,017</b>	<b>12</b>	<b>32,387</b>

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.

Retained earnings represents accumulated profits less losses and distributions.

# SPRINGFIELD PROPERTIES PLC

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MAY 2017

	Notes	Share capital £000	Share premium £000	Retained earnings £000	Total £000
<b>1 June 2015</b>		71	9,080	17,063	26,214
Issue of share capital	<b>23</b>	2	1,097	-	1,099
Total comprehensive income for the year		-	-	4,065	4,065
Dividends		-	-	(2,133)	(2,133)
<b>31 May 2016</b>		73	10,177	18,995	29,245
Issue of share capital	<b>23</b>	-	108	-	108
Total comprehensive income for the year		-	-	5,108	5,108
Dividends		-	-	(2,337)	(2,337)
<b>31 May 2017</b>		73	10,285	21,766	32,124

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.

Retained earnings represents accumulated profits less losses and distributions.

# SPRINGFIELD PROPERTIES PLC

## CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR TO 31 MAY 2017

	Note	2017 £000	2016 £000
<b>Operating activities</b>			
Profit for the year after taxation		5,413	4,065
Adjusted for:			
Taxation charged		1,278	1,036
Finance costs		1,145	1,009
Interest receivable and similar income		(4)	(1)
Gain on disposal of tangible fixed assets		(146)	(10)
Depreciation and impairment of tangible fixed assets		772	674
Operating cash flows before movements in working capital		8,458	6,773
Increase in inventory		(7,963)	(13,226)
(Increase)/decrease in trade and other receivables		(2,345)	1,011
Increase/(decrease) in trade and other payables		5,000	(454)
Net cash generated from/(used in) operations		3,150	(5,896)
Income taxes paid		(1,126)	(502)
<b>Net cash inflow/(outflow) from operating activities</b>		<b>2,024</b>	<b>(6,398)</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment		(843)	(293)
Proceeds on disposal of property, plant and equipment		526	10
Purchase of subsidiary company		(42)	-
Interest received and similar income		4	1
<b>Net cash used in investing activities</b>		<b>(355)</b>	<b>(282)</b>
<b>Financing activities</b>			
Proceeds from issue of shares		108	1,099
Proceeds from bank loans		10,000	10,000
Proceeds from other borrowings		1,375	400
Repayment of other borrowings		(453)	(365)
Payment of finance leases obligations		(460)	(421)
Dividends paid		(2,337)	(2,133)
Interest paid		(1,145)	(1,004)
<b>Net cash inflow from financing activities</b>		<b>7,088</b>	<b>7,576</b>
Net increase in cash and cash equivalents		8,757	896
Cash and cash equivalents at beginning of year		(422)	(1,318)
<b>Cash and cash equivalents at end of year</b>	<b>24</b>	<b>8,335</b>	<b>(422)</b>

The accompanying notes on pages 21 to 47 form an integral part of these financial statements.

# SPRINGFIELD PROPERTIES PLC

## COMPANY STATEMENT OF CASH FLOWS

YEAR TO 31 MAY 2017

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
<b>Operating activities</b>		
Profit for the year after taxation	5,108	4,065
Adjusted for:		
Taxation charged	1,164	1,036
Finance costs	1,101	1,009
Interest receivable and similar income	(4)	(1)
Gain on disposal of tangible fixed assets	(20)	(10)
Depreciation and impairment of tangible fixed assets	296	674
Operating cash flows before movements in working capital	7,645	6,773
Increase in inventory	(7,963)	(13,226)
(Decrease)/increase in trade and other receivables	(2,483)	1,011
Increase/(decrease) in trade and other payables	5,546	(454)
Net cash generated from/(used in) operations	2,745	(5,896)
Income taxes paid	(1,126)	(502)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>1,619</b>	<b>(6,398)</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(625)	(293)
Proceeds on disposal of property, plant and equipment	323	10
Purchase of subsidiary company	(42)	-
Interest received and similar income	4	1
<b>Net cash used in investing activities</b>	<b>(340)</b>	<b>(282)</b>
<b>Financing activities</b>		
Proceeds from issue of shares	108	1,099
Proceeds from bank loans	10,000	10,000
Proceeds from other borrowings	1,375	400
Repayment of other borrowings	(453)	(365)
Payment of finance leases obligations	(106)	(421)
Dividends paid	(2,337)	(2,133)
Interest paid	(1,120)	(1,004)
<b>Net cash inflow from financing activities</b>	<b>7,467</b>	<b>7,576</b>
Net increase in cash and cash equivalents	8,746	896
Cash and cash equivalents at beginning of year	(422)	(1,318)
<b>Cash and cash equivalents at end of year</b>	<b>8,324</b>	<b>(422)</b>

The accompanying notes on pages 21 to 47 form an integral part of these financial statements.

# SPRINGFIELD PROPERTIES PLC

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MAY 2017

#### 1. Organisation and trading activities

Springfield Properties PLC ("the company") 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, IV30 6GR.

The group consists of Springfield Properties PLC and its subsidiary, Glassgreen Hire 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 statements of Springfield Properties Plc have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union ("EU") applied in accordance with the provisions of the Companies Act 2006. These are the first financial statements prepared under IFRS, see note 30 for the explanation of transition to IFRS.

The group has adopted all the standards and amendments to existing standards which are mandatory for accounting periods beginning on 1 June 2015. The group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

At 31 May 2017 the following new and revised IFRSs relevant to the group are issued but are not yet effective:

	<u>Effective date</u>
IFRS 9 Financial Instruments	1 January 2018
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 16 Leases	1 January 2019*
IAS 7 (amendments) Disclosure of changes in liabilities arising from financing activities	1 January 2017*
IAS 12 (amendments) Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017*
Annual Improvements to IFRSs: 2014-2016 cycle	1 January 2017*

\*Not yet endorsed for use in the EU

- IFRS 9 will impact both the measurement and disclosures of financial instruments. The group is currently assessing the impact of the revisions on the group's and company's results and financial position, a process we expect to be finalised during the year ending 31 May 2018. Until such assessment is completed it is not practical to provide an estimate of the full effect of IFRS 9. The group has not yet completed the assessment of the full effect of this standard.
- IFRS 15 'Revenue from Contracts with Customers'. It is expected that this standard will result in some changes for construction companies, however the group has not yet completed the assessment of the full effect of this standard.
- IFRS 16 'Leases'. IFRS 16 requires lessees to recognise a lease liability reflecting future lease payments and a 'right of use asset' for virtually all lease contracts. This is effective for the period beginning on 1 August 2019, with earlier adoption permitted if IFRS 15 'Revenue from contracts with customers' is also applied. The group has not yet assessed the full effect of this standard.

Of the other IFRSs and IFRICs, none are expected to have a material effect on the financial statements.

The financial statements have been prepared under the historical cost convention.

# SPRINGFIELD PROPERTIES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2017

#### 2. Summary of significant accounting policies (continued)

##### 2.2. Basis of consolidation

The consolidated financial statements incorporate those of Springfield Properties PLC and its subsidiary (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

All financial statements are made up to 31 May 2017.

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

Any consideration of the foreseeable future involves making a judgement, at a particular point in time, about future events which are inherently uncertain.

At the time of approving the financial statements, the directors have a reasonable expectation 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 recognition

Revenue is measured at the fair value of the consideration received or receivable net of VAT and trade discounts.

###### ***Private house sales***

Revenue on private house sales is recognised when the significant risks and rewards of ownership have been transferred to the purchaser which will normally occur at handover / legal completion.

Revenue is recognised at the fair value of the consideration received or receivable on legal completion.

###### ***Construction contracts***

Revenue from construction contracts is recognised based on the measured value of work completed as construction progresses. The measured value of work is based on certified valuations which consider the stage of completion of contracts.

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.

Contract expenses are recognised as incurred unless they create an asset related to future contract activity. An expected loss on a contract is recognised immediately in the profit and loss account.

Revenues derived from variations on contracts are recognised only when they have been accepted by the customer.

# SPRINGFIELD PROPERTIES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2017

#### 2. Summary of significant accounting policies (continued)

##### 2.6. 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.

##### 2.7. Retirement benefits

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

##### 2.8. Borrowing costs

Borrowing costs relating to qualifying assets are capitalised. All other borrowing costs are recognised as an expense in the income statement as they are incurred.

##### 2.9. Taxation

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

###### ***Current tax***

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

###### ***Deferred tax***

Deferred tax 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 balance sheet date.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the 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.



# SPRINGFIELD PROPERTIES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2017

#### 2. Summary of significant accounting policies (continued)

##### 2.10. 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% straight line
Plant and machinery	- 25% straight line
Fixtures, fittings & equipment	- 25% straight line
Motor vehicles	- 25% straight line

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.

##### 2.11. Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals or impairment losses are recognised immediately in the profit and loss account.

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

##### 2.12. Impairment of fixed assets

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

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

##### 2.13. Inventory

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.

# SPRINGFIELD PROPERTIES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2017

#### 2. Summary of significant accounting policies (continued)

##### 2.13. Inventory (continued)

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

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

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

##### 2.14. Construction contracts

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

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

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 the contract costs incurred where it is probable that they will be recovered.

The "percentage of completion method" is used to determine the appropriate amount to recognise in a given period. The stage of completion is measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs.

##### 2.15. Financial instruments

Financial instruments are recognised in 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.

##### ***Loans and receivables***

All of 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.

##### ***Impairment of financial assets***

Financial assets are assessed for indicators of impairment at each reporting date.

A provision for impairment is made when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

Impaired debts are derecognised when they are assessed as uncollectible.

# SPRINGFIELD PROPERTIES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2017

#### 2. Summary of significant accounting policies (continued)

##### *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 fall into other financial liabilities category.

##### *Other financial liabilities*

Other non-derivative financial liabilities are initially measured at fair value 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.

#### **2.16. Cash and cash equivalents**

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

#### **2.17. Leases**

A lease is classified at the inception date as a finance lease or an operating lease.

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

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and the reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are charged to the profit and loss account.

Operating lease payments, including any lease incentives received, are recognised in the profit and loss account on a straight-line basis over the term of the lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

#### **2.18. 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.

# SPRINGFIELD PROPERTIES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2017

#### 2. Summary of significant accounting policies (continued)

##### 2.19. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of a company 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 statement of comprehensive income.

#### 3. Critical accounting estimates and judgements in applying accounting policies

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

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are:

##### 3.1. Work in progress measurement on construction contracts

The group undertakes construction contracts which takes place over a period of time and revenues and profits are recognised as the group performs under these contracts. The total work in progress value of £81,799,683 (2016 - £73,836,693) is impacted by the estimates involved in the construction contracts in relation to costs to complete and therefore expected profit margin.

##### 3.2. Work in progress measurement on private house sales

The recognition of costs expensed against properties sold at sites remaining under construction requires estimation of costs to complete at these sites. These estimates impact the total work in progress value recognised of £81,799,683 (2016 - £73,836,693). The group regularly reviews these estimates to ensure they reflect the latest known position.

#### 4. Revenue

##### Revenue analysed by class of business

	2017 £000	2016 £000
Private residential properties	86,367	78,079
Affordable housing	23,250	12,053
Other	972	647
Total	110,589	90,779

# SPRINGFIELD PROPERTIES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2017

#### 5. Operating profit

Operating profit is stated after charging / (crediting):

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Depreciation of owned tangible fixed assets	300	429
Depreciation of tangible fixed assets held under finance leases	472	245
Gain on disposal of tangible fixed assets	(146)	(10)
Cost of inventories recognised as an expense	93,905	76,989
Operating lease charges	274	270

#### 6. Auditor's remuneration

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Fees payable to the group's auditor for the audit of the group and company annual accounts	36	28
Fees payable to the group's auditor for the audit of the company's subsidiaries	6	-
Fees payable to the group auditor and their associates for other services to the group and company:		
- Other non-audit services	4	1
	<u>46</u>	<u>29</u>

#### 7. Staff costs

The average monthly number of employees (including executive directors) for the continuing operations was:

	<b>2017</b>	<b>2016</b>
Building staff	336	327
Administrative staff	143	122
	<u>479</u>	<u>449</u>

  

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	15,887	13,980
Social security costs	1,496	1,355
Pension costs	417	323
	<u>17,800</u>	<u>15,658</u>

# SPRINGFIELD PROPERTIES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2017

#### 7. Staff cost (continued)

Directors' emoluments were as follows:

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Remuneration for qualifying services	633	579
Company pension contributions to defined contribution schemes	33	22
	<u>666</u>	<u>601</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 7 (2016 - 6).

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

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Remuneration for qualifying services	137	127
Company pension contributions to defined contribution schemes	9	6
	<u>146</u>	<u>133</u>

The group operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

The charge to the income statement in respect of defined contribution schemes was £417k (2016 - £323k). Contributions totalling £74k (2016 - £58k) were payable to the fund at the year-end and are included in creditors.

#### 8. Finance costs

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Interest on bank overdrafts and loans	915	799
Interest on hire purchase contracts	53	39
Other interest	177	171
	<u>1,145</u>	<u>1,009</u>

#### 9. Taxation

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
<b>Current tax</b>		
UK corporation tax on profits for the current period	1,337	1,039
Adjustments in respect of prior periods	(46)	(4)
	<u>1,291</u>	<u>1,035</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(4)	2
Adjustments in respect of prior periods	-	(1)
Effect of changes in tax rates	(9)	-
	<u>(13)</u>	<u>1</u>
	<u>1,278</u>	<u>1,036</u>

# SPRINGFIELD PROPERTIES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2017

#### 9. Taxation (continued)

The charge for the year can be reconciled to the profit per the income statement as follows:

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Profit before tax	6,691	5,101
Tax at the UK corporation tax rate of 19,83% (2016: 20%)	1,327	1,020
Effects of:		
Tax effect of expenses that are not deductible in determining taxable profit	19	18
Adjustments in respect of prior years	(46)	(4)
Depreciation on assets not qualifying for tax allowances	(2)	3
Deferred tax adjustments in respect of prior years		(1)
Land remediation relief	(12)	-
Adjust deferred tax to closing average rate	(8)	-
Tax charge for period	1,278	1,036

#### 10. 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 2017 assumes that all shares have been included in the computation based on the weighted average number of days since issue.

As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Profit for the year attributable to owners of the group	5,359	4,065
Weighted average number of ordinary shares in issue for basic earnings	7,298,908	7,121,808
Basic earnings per share (pence per share)	73.42p	57.08p

#### 11. Dividends

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Total dividend payment	2,337	2,133
Weighted average number of ordinary shares in issue	7,298,908	7,121,808
Dividend per share (pence per share)	32.02	29.95

# SPRINGFIELD PROPERTIES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2017

#### 12. Property, plant and equipment

Group	Land and buildings £000	Plant and machinery £000	Fixtures, fittings & equipment £000	Motor vehicle £000	Total £000
<b>Cost</b>					
At 1 June 2015	658	2,818	600	804	4,880
Additions	-	675	2	91	768
Disposals	-	(250)	-	(103)	(353)
At 31 May 2016	658	3,243	602	792	5,295
Additions	342	1,350	10	39	1,741
Disposals	(325)	(340)	(19)	(81)	(765)
At 31 May 2017	675	4,253	593	750	6,271
<b>Accumulated depreciation</b>					
At 1 June 2015	34	1,759	583	384	2,760
Depreciation charge	13	507	7	147	674
Disposals	-	(250)	-	(103)	(353)
At 31 May 2016	47	2,016	590	428	3,081
Depreciation charge	12	601	6	153	772
Disposals	(26)	(290)	(19)	(50)	(385)
At 31 May 2017	33	2,327	577	531	3,468
<b>Net book value</b>					
At 31 May 2017	642	1,926	16	219	2,803
At 31 May 2016	611	1,227	12	364	2,214
At 1 June 2015	624	1,059	17	420	2,120

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

	2017 £000	2016 £000	2015 £000
<b>Net book value:</b>			
Plant and machinery	1,133	503	462
Motor vehicles	104	333	416
	1,237	836	878
<b>Total depreciation charge</b>	472	245	297

Fixed assets with the carrying value of £1,237k (2016 - £836k; 2015 - £878k) are pledged as security.



# SPRINGFIELD PROPERTIES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2017

#### 12. Property, plant and equipment (continued)

##### Company

	Land and buildings £000	Plant and machinery £000	Fixtures, fittings & equipment £000	Motor vehicles £000	Total £000
<b>Cost</b>					
At 1 June 2015	658	2,818	600	804	4,880
Additions	-	675	2	91	768
Disposals	-	(250)	-	(103)	(353)
At 31 May 2016	658	3,243	602	792	5,295
Additions	342	739	10	-	1,091
Disposals	(325)	(2,030)	(19)	(792)	(3,166)
At 31 May 2017	675	1,952	593	-	3,220
<b>Accumulated depreciation</b>					
At 1 June 2015	34	1,759	583	384	2,760
Depreciation charge	13	507	7	147	674
Disposals	-	(250)	-	(103)	(353)
At 31 May 2016	47	2,016	590	428	3,081
Depreciation charge	12	277	6	-	295
Disposals	(26)	(1,400)	(19)	(428)	(1,873)
At 31 May 2017	33	893	577	-	1,503
<b>Net book value</b>					
At 31 May 2017	642	1,059	16	-	1,717
At 31 May 2016	611	1,227	12	364	2,214
At 1 June 2015	624	1,059	17	420	2,120

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

	2017 £000	2016 £000	2015 £000
<b>Net book value:</b>			
Plant and machinery	639	503	462
Motor vehicles	-	333	416
	639	836	878
<b>Total depreciation charge</b>	85	245	297

# SPRINGFIELD PROPERTIES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2017

#### 13. Subsidiaries

Details of the company's subsidiaries at 31 May 2017 are as follows:

<u>Name of Undertaking</u>	<u>Nature of Business</u>	<u>Class of Shares Held</u>	<u>% Held</u>
Glassgreen Hire Limited	Hire of plant and machinery	Ordinary	96%

During the prior year, the company acquired 80% of the share capital for Glassgreen Hire Limited at nominal value of £80. Glassgreen Hire Limited was incorporated on 21 January 2016 and commenced trading on 1 June 2016. On these grounds and under section 402 of the Companies Act 2006, the company did not prepare group accounts for the year to 31 May 2016 as the subsidiary was dormant and thus immaterial for the purpose of giving a true and fair view.

During the year, the company acquired a further 16% of the share capital of Glassgreen Hire Limited for consideration of £42,141.

#### 14. Investments

	Company	
	Shares in group undertakings	Total
	£000	£000
<b>Cost</b>		
<b>At 1 June 2015</b>	-	-
Additions	-	-
<b>At 1 June 2016</b>	-	-
Additions	42	42
<b>At 31 May 2017</b>	42	42

#### 15. Inventories and work in progress

Group	2017 £000	2016 £000	2015 £000
Work in progress	81,800	73,837	60,611
	81,800	73,837	60,611

Land under development is included in work in progress.

# SPRINGFIELD PROPERTIES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2017

#### 15. Inventories and work in progress (continued)

	<b>2017</b> <b>£000</b>	<b>2016</b> <b>£000</b>	<b>2015</b> <b>£000</b>
Accounts receivable in relation to construction contracts	4,665	1,855	2,692
	<u>4,665</u>	<u>1,855</u>	<u>2,692</u>

	<b>2017</b> <b>£000</b>	<b>2016</b> <b>£000</b>	<b>2015</b> <b>£000</b>
Accounts payable in relation to construction contracts	352	401	387
	<u>352</u>	<u>401</u>	<u>387</u>

	<b>2017</b> <b>£000</b>	<b>2016</b> <b>£000</b>	<b>2015</b> <b>£000</b>
Retentions held by customers for contract work	790	667	720
Advances received from customers for contract work	(352)	(401)	(387)
	<u>438</u>	<u>266</u>	<u>333</u>

Included within inventories is £23,950k pledged as security.

#### Company

	<b>2017</b> <b>£000</b>	<b>2016</b> <b>£000</b>	<b>2015</b> <b>£000</b>
Work in progress	81,800	73,837	60,611
	<u>81,800</u>	<u>73,837</u>	<u>60,611</u>

Land under development is included in work in progress.

	<b>2017</b> <b>£000</b>	<b>2016</b> <b>£000</b>	<b>2015</b> <b>£000</b>
Accounts receivable in relation to construction contracts	4,665	1,855	2,692
	<u>4,665</u>	<u>1,855</u>	<u>2,692</u>

# SPRINGFIELD PROPERTIES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2017

#### 15. Inventories and work in progress (continued)

	<b>2017</b>	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Accounts payable in relation to construction contracts	352	401	387
	<u>352</u>	<u>401</u>	<u>387</u>

	<b>2017</b>	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Retentions held by customers for contract work	790	667	720
Advances received from customers for contract work	(352)	(401)	(387)
	<u>438</u>	<u>266</u>	<u>333</u>

Included within inventories is £23,950k pledged as security.

#### 16. Accounts receivable

##### Amounts falling due within one year

<b>Group</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Trade receivables	4,104	1,687	2,935
Other receivables	2,108	2,413	2,194
Prepayments and accrued income	235	5	5
	<u>6,447</u>	<u>4,105</u>	<u>5,134</u>

<b>Company</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Trade receivables	4,103	1,687	2,935
Other receivables	2,108	2,413	2,194
Amounts due from group undertakings	144	-	-
Prepayments and accrued income	230	5	5
	<u>6,585</u>	<u>4,105</u>	<u>5,134</u>

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

The group's exposure to credit risk is limited by the fact that the group generally receives cash at the point of legal completion of its sales. There are certain categories of revenue where this is not the case; for instance housing association revenues or land sales where management considers that the ratings of these various debtors are good and therefore credit risk is low. Any assets which expose the group to credit risk can be spread over a considerable number of properties. As such, the group has no significant concentration of credit risk, with exposure spread over a large number of customers. The maximum exposure to credit risk at 31 May 2017 is represented by the carrying amount of each financial asset.

# SPRINGFIELD PROPERTIES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2017

### 17. Accounts receivable

Amounts falling due after one year

<b>Group</b>	<b>2017 £000</b>	<b>2016 £000</b>	<b>2015 £000</b>
Other receivables	488	485	467

<b>Company</b>	<b>2017 £000</b>	<b>2016 £000</b>	<b>2015 £000</b>
Other receivables	488	485	467

### 18. Accounts payable

<b>Group</b>	<b>2017 £000</b>	<b>2016 £000</b>	<b>2015 £000</b>
Trade creditors	12,879	10,814	12,083
Other taxation and social security	446	548	416
Other creditors	111	99	185
Accruals and deferred income	11,614	8,588	7,814
	<b>25,050</b>	<b>20,049</b>	<b>20,498</b>

<b>Company</b>	<b>2017 £000</b>	<b>2016 £000</b>	<b>2015 £000</b>
Trade creditors	12,276	10,814	12,083
Other taxation and social security	443	548	416
Other creditors	110	99	185
Amounts due to group undertakings	651	-	-
Accruals and deferred income	11,560	8,588	7,814
	<b>25,040</b>	<b>20,049</b>	<b>20,498</b>

The directors consider the carrying amount of the accounts payable approximates to their fair value.

# SPRINGFIELD PROPERTIES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2017

### 19. Financial assets and liabilities

#### Group

<b>Assets</b>	<b>2017 £000</b>	<b>2016 £000</b>	<b>2015 £000</b>
Loans and receivables	15,035	4,588	5,608
<b>Total</b>	<b>15,035</b>	<b>4,588</b>	<b>5,608</b>

<b>Liabilities</b>	<b>2017 £000</b>	<b>2016 £000</b>	<b>2015 £000</b>
Measured at amortised cost	66,121	50,083	41,480
<b>Total</b>	<b>66,121</b>	<b>50,083</b>	<b>41,480</b>

#### Company

<b>Assets</b>	<b>2017 £000</b>	<b>2016 £000</b>	<b>2015 £000</b>
Loans and receivables	15,167	4,588	5,608
<b>Total</b>	<b>15,167</b>	<b>4,588</b>	<b>5,608</b>

<b>Liabilities</b>	<b>2017 £000</b>	<b>2016 £000</b>	<b>2015 £000</b>
Measured at amortised cost	65,583	50,083	41,480
<b>Total</b>	<b>65,583</b>	<b>50,083</b>	<b>41,480</b>

# SPRINGFIELD PROPERTIES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2017

### 20. Borrowings

<b>Group</b>	<b>2017 £000</b>	<b>2016 £000</b>	<b>2015 £000</b>
<b>Secured borrowings:</b>			
Bank loans	37,500	27,500	17,500
Bank overdrafts	-	425	1,330
	<u>37,500</u>	<u>27,925</u>	<u>18,830</u>
<b>Unsecured borrowings:</b>			
Directors' loans	2,929	2,007	1,972
	<u>40,429</u>	<u>29,932</u>	<u>20,802</u>
Less: payable within one year	-	(1,750)	(1,475)
Payable after one year	<u>40,429</u>	<u>28,182</u>	<u>19,327</u>
<b>Company</b>	<b>2017 £000</b>	<b>2016 £000</b>	<b>2015 £000</b>
<b>Secured borrowings:</b>			
Bank loans	37,500	27,500	17,500
Bank overdrafts	-	425	1,330
	<u>37,500</u>	<u>27,925</u>	<u>18,830</u>
<b>Unsecured borrowings:</b>			
Directors' loans	2,929	2,007	1,972
	<u>40,429</u>	<u>29,932</u>	<u>20,802</u>
Less: payable within one year	-	(1,750)	(1,475)
Payable after one year	<u>40,429</u>	<u>28,182</u>	<u>19,327</u>

The bank overdraft is secured by fixed securities over certain of the group's properties, and is repayable on demand.

The bank loan comprises of a revolving credit facility which is repayable by August 2018 and is secured over certain of the group's properties. The facility attracts an interest rate of 2.5% per annum above the Bank of England Base Rate.

The directors' loans are unsecured and are repayable by 2022 or any earlier period agreed and attract interest at either 4.5% above the Bank of England base rate or a 6% fixed rate.

The Directors consider the carrying amount of short term borrowings approximates to their fair value.

# SPRINGFIELD PROPERTIES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2017

#### 21. Obligations under hire purchase contracts

Finance lease and hire purchase payments represent rentals payable by the group for certain items of plant and machinery and are secured by the assets under lease in question.

Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

Group	Minimum lease payments			Present value of minimum lease payments		
	2017 £000	2016 £000	2015 £000	2017 £000	2016 £000	2015 £000
Within 1 year	557	370	375	500	341	349
Two to five years	606	335	270	588	309	247
	1,163	705	645	1,088	650	596
Less: unearned finance income	(75)	(55)	(49)			
	1,088	650	596			

Company	Minimum lease payments			Present value of minimum lease payments		
	2017 £000	2016 £000	2015 £000	2017 £000	2016 £000	2015 £000
Within 1 year	242	370	375	222	341	349
Two to five years	367	335	270	336	309	247
	609	705	645	558	650	596
Less: unearned finance income	(51)	(55)	(49)			
	558	650	596			

#### 22. Deferred tax

Group	2015	Income Statement	2016	Income Statement	2017
	£000	£000	£000	£000	£000
Fixed assets – temporary differences	58	-	58	(13)	45
	58	-	58	(13)	45

Company	2015	Income Statement	2016	Income Statement	2017
	£000	£000	£000	£000	£000
Fixed assets – temporary differences	58	-	58	(20)	38
	58	-	58	(20)	38



# SPRINGFIELD PROPERTIES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2017

#### 23. Share capital

##### Group

Ordinary shares of £1 - allotted, called up and fully paid	Number of shares	Share capital £000	Share premium £000
At 1 June 2015	71,009	71	9,080
Issued in the year	1,960	2	1,097
At 31 May 2016	72,969	73	10,177
Share split in the year	7,223,939	-	-
Issued in the year	6,000	-	108
At 31 May 2017	7,302,908	73	10,285

##### Company

Ordinary shares of £1 - allotted, called up and fully paid	Number of shares	Share capital £000	Share premium £000
At 1 June 2015	71,009	71	9,080
Issued in the year	1,960	2	1,097
At 31 May 2016	72,969	73	10,177
Share split in the year	7,223,939	-	-
Issued in the year	6,000	-	108
At 31 May 2017	7,302,908	73	10,285

The parent company has one class of ordinary share which carry full voting rights but no right to fixed income or repayment of capital. Distributions are at the discretion of the company.

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.

During the year, the nominal value of shares was split from £1 to £0.01.

Subsequently, 6,000 £0.01 ordinary shares were allotted and fully paid up for consideration of £107,756.

#### 24. Cash and cash equivalents

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

	2017 £000	2016 £000	At 1 June 2015 £000
Cash at bank and in hand	8,335	3	12
Bank overdrafts included in current liabilities	-	(425)	(1,330)
	8,335	(422)	(1,318)

At 31 May 2017, the group had available £2,500k (2016: £2,075k, 1 June 2015: £1,170k) of undrawn committed borrowing facilities.

# SPRINGFIELD PROPERTIES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2017

#### 25. Capital risk management

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

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

#### 26. Financial risk management

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

##### 26.1. Market risk

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

##### *Interest rate risk*

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

	2017 £000	2016 £000
Financial liabilities at fixed rate	2,157	1,150
Financial liabilities at floating rate	39,360	29,432
Non-interest bearing financial liabilities	24,604	19,501
	<u>66,121</u>	<u>50,083</u>

##### *Interest rate sensitivity analysis*

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

	Bank of England base rate 31 May 2017		Bank of England base rate 31 May 2016	
	Interest rate +0.5% £000	Interest rate -0.5% £000	Interest rate +0.5% £000	Interest rate -0.5% £000
(Loss) / profit	(202)	202	(150)	150

# SPRINGFIELD PROPERTIES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2017

#### 26.1 Market risk (continued)

##### *Limitations of sensitivity analysis*

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

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

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

Management believe that fair value of the loans, borrowings and finance lease obligations approximates their carrying amounts as the majority of obligations bear interest rates approximating market rates at 31 May 2017.

#### 26.2. Liquidity risk

Liquidity risk is the risk that the group will be unable to meet its liabilities as they fall due. The group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, medium to long term borrowings and hire purchase contracts.

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

##### Group

##### 31 May 2017

	Carrying amount £000	Total minimum future payment £000	Within 1 year £000	Within 1-2 years £000	Within 2-5 years £000
Accounts payable	24,604	24,604	24,604	-	-
Borrowings	40,429	40,429	-	37,500	2,929
Hire purchase	1,088	1,088	500	406	182
	66,121	66,121	25,104	37,906	3,111

##### 31 May 2016

	Carrying amount £000	Total minimum future payment £000	Within 1 year £000	Within 1-2 years £000	Within 2-5 years £000
Accounts payable	19,501	19,501	19,501	-	-
Borrowings	29,932	29,932	1,750	28,182	-
Hire purchase	650	650	341	222	87
	50,083	50,083	21,592	28,404	87

# SPRINGFIELD PROPERTIES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2017

#### 26.2 Liquidity risk (continued)

##### 01 June 2015

	Carrying amount £000	Total minimum future payment £000	Within 1 year £000	Within 1-2 years £000	Within 2-5 years £000
Accounts payable	20,082	20,082	20,082	-	-
Borrowings	20,802	20,802	1,475	19,327	-
Hire purchase	596	596	349	182	65
	41,480	41,480	21,906	19,509	65

##### Company

##### 31 May 2017

	Carrying amount £000	Total minimum future payment £000	Within 1 year £000	Within 1-2 years £000	Within 2-5 years £000
Accounts payable	24,596	24,596	24,596	-	-
Borrowings	40,429	40,429	-	37,500	2,929
Hire purchase	558	558	222	211	125
	65,583	65,583	24,818	37,711	3,054

##### 31 May 2016

	Carrying amount £000	Total minimum future payment £000	Within 1 year £000	Within 1-2 years £000	Within 2-5 years £000
Accounts payable	19,501	19,501	19,501	-	-
Borrowings	29,932	29,932	1,750	28,182	-
Hire purchase	650	650	341	222	87
	50,083	50,083	21,592	28,404	87

##### 01 June 2015

	Carrying amount £000	Total minimum future payment £000	Within 1 year £000	Within 1-2 years £000	Within 2-5 years £000
Accounts payable	20,082	20,082	20,082	-	-
Borrowings	20,802	20,802	1,475	19,327	-
Hire purchase	596	596	349	182	65
	41,480	41,480	21,906	19,509	65

# SPRINGFIELD PROPERTIES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2017

#### 26.3. Credit risk

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

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

The group manages credit risk actively monitoring their level of trade receivables and following up when they are overdue more than 3 months:

The ageing profile of trade receivables was:

	<b>Total book value £000</b>	<b>31 May 2017 Allowance for impairment £000</b>	<b>Total book value £000</b>	<b>31 May 2016 Allowance for impairment £000</b>
Current	3,908	-	1,663	-
Overdue 90 days	196	-	24	-
	<b>4,104</b>	<b>-</b>	<b>1,687</b>	<b>-</b>

During the year, the group had no allowance for impairment for trade receivables.

The ageing profile of other receivables was:

	<b>Total book value £000</b>	<b>31 May 2017 Allowance for impairment £000</b>	<b>Total book value £000</b>	<b>31 May 2016 Allowance for impairment £000</b>
Current	2,108	-	2,413	-
Overdue 90 days	-	-	-	-
	<b>2,108</b>	<b>-</b>	<b>2,413</b>	<b>-</b>

During the year, the group had no allowance for impairment for other receivables.

# SPRINGFIELD PROPERTIES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2017

#### 27. Transactions with related parties

Other related parties include transactions with retirement scheme in which the directors are beneficiaries, and close family members of key management personnel.

During the year dividends totalling £2,222k (2016 - £1,964k) were paid to key management personnel.

The remuneration of Key Management Personnel was £744k (2016 - £671k).

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

	Sale of goods		Purchase of goods	
	2017 £000	2016 £000	2017 £000	2016 £000
Entities which key management personnel have control, significant influence or hold a material interest in	6,148	2,812	312	317
Key management personnel	352	420	447	268
Other related parties	37	448	-	100
	<u>6,537</u>	<u>3,680</u>	<u>759</u>	<u>685</u>

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

	Interest Paid to		Rent paid to	
	2017 £000	2016 £000	2017 £000	2016 £000
Entities which key management personnel have control, significant influence or hold a material interest in	-	-	162	148
Key management personnel	163	91	-	-
Other related parties	-	7	161	50
	<u>163</u>	<u>98</u>	<u>323</u>	<u>198</u>

The following amounts were outstanding at the reporting end date:

	2017 £000	2016 £000
<b>Amounts receivable:</b>		
Entities which key management personnel have control, significant influence or hold a material interest in (short-term)	2,413	1,101
Key management personnel	-	-
Other related parties	-	1
	<u>2,413</u>	<u>1,102</u>
<b>Amounts payable</b>		
Entities which key management personnel have control, significant influence or hold a material interest in (short-term)	115	64
Key management personnel	2,949	2,029
Other related parties	40	360
	<u>3,104</u>	<u>2,453</u>

# SPRINGFIELD PROPERTIES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2017

#### 27. Transactions with related parties (continued)

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 the company and its subsidiary, which is a related party, have been eliminated on consolidation and are not disclosed in this note.

#### 28. Contingencies, commitments and guarantees

In the ordinary course of the group's business the group is required to enter into performance bond arrangements. The group's bankers have provided such guarantees in the ordinary course of business totalling £206k (2016 - £257k).

##### 28.1. Capital commitments

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Acquisition of property, plant and equipment	462	103
Call and put options for the purchase of plots for development	9,736	14,380

##### 28.2. Operating lease commitments

Operating lease payments represent rentals payable by the group for certain of its assets. Leases are with an option to extend on completion. At 31 May the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Within one year	278	271
Two to five years	1,023	1,047
Over five years	1,159	1,499
	<b>2,460</b>	<b>2,817</b>

#### 29. Controlling party

The company is controlled by Mr A W Adam and Mrs A F Adam, who have a beneficial interest in 75.4% of the company's issued share capital.

# **SPRINGFIELD PROPERTIES PLC**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 31 MAY 2017**

#### **30. First-time adoption of IFRS**

These financial statements are the first the parent company and group have prepared in accordance with IFRS. These financial statements comply with IFRS applicable as at 31 May 2017, together with the comparative period data for the year ended 31 May 2016. In preparing the financial statements, the consolidated and company's opening statement of financial position was prepared as at 1 June 2015, the group and parent company's date of transition to IFRS.

The reported financial position and the financial performance for the previous period were not affected by the transition to IFRS.

#### **31. Subsequent Events**

Included in note 20 are directors' loans of £2,929,265 which, as at 31 May 2017 were repayable by 2022 or any earlier period agreed. Subsequent to the year-end by agreement the loans will now all be repaid by the end of August 2017.