

Company registration number 6378284 (England and Wales)

S1 DEVELOPMENTS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

S1 DEVELOPMENTS LIMITED

COMPANY INFORMATION

Directors	Shane David Teague Daniel John Teague
Secretary	Daniel John Teague
Company number	6378284
Registered office	1 Queens Parade Brownlow Road London N11 2DN
Auditor	P Spyrou & Co Chartered Certified Accountants 1 Queens Parade Brownlow Road London N11 2DN
Business address	52-54 Dundas Street Edinburgh EH3 6QZ
Bankers	Barclays Bank Plc 1 St Andrew Square Edinburgh EH2 2BD
Solicitors	Anderson Strathern LLP 1 Rutland Court Edinburgh EH3 8EY

S1 DEVELOPMENTS LIMITED

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S1 DEVELOPMENTS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2022

The directors present the strategic report for the year ended 30 September 2022.

Review of the business

The results for the financial year were considered satisfactory. Following our performance in recent years we are in a very good position with capital to invest in future development opportunities.

Our strategy remains to identify suitable site acquisitions for development, obtain effective planning (working closely with local authorities) and design/build quality homes that appeal to our client base. On occasion, we continue to undertake joint ventures to deliver our strategy, with parties that have a similar approach in achieving this as we do, providing the design/build phase of such operations.

In this financial year we continued to project manage the development named 'The Ropeworks' on behalf of Teague Homes (UK) Limited for which our client company was nominated for the following awards: Affordable Housing Development of the Year (private sale), Apartment Development of the Year (private sale), House of the Year, Housebuilder of the Year, Housing Regeneration Project of the Year and Large Housing Development of the Year (private sale). The company has also been nominated in this year's Scottish Homes awards in the following categories: Excellence in Sustainability, House of the Year and Housebuilder of the Year (less than 100 units).

Principal risks and uncertainties

The principal risks and uncertainties facing the company are summarised as follows:-

- (i) availability of suitable land
- (ii) planning delays
- (iii) war in Ukraine
- (iv) buyer uncertainties and their funding issues
- (v) brexit in relation to availability of skilled labour and materials
- (vi) global supply chain
- (vii) prices inflation
- (viii) interest rates

The directors regularly review the aforementioned risks and uncertainties and they feel that the company is looking into different strategies to mitigate their impact.

The company's activities remain Scotland based and therefore susceptible to the UK construction sector market conditions. The war in Ukraine has triggered a surge in energy prices across Europe and the European Union in particular which is UK's biggest trading partner. The latter and the extra checks at the border because of Brexit have led to a sharp increase in the building materials. Brexit restrictions and the pandemic have also affected the labour supply as the recruitment pool has shrunk.

Despite the above factors we have managed to continue our positive performance by acquiring quality personnel in key areas of the business trying to maintain our positive outlook for the next twenty four months. Provided that there will be no significant backlash in the mortgage and unemployment market due to the aforementioned market conditions we feel that opportunities for the company to continue growing still exist.

The directors maintain regular contact with customers and market specialists and review wider UK indicators adjusting the company's market approach accordingly. This is well supported by the fact that over the years almost all of our developments have been either nominated or won Scottish Home Awards which shows that we recognise the needs of the property market in Edinburgh.

Development and performance

In the current year, S1 Developments Limited was responsible for the design and build of Gilmore Place, an old convent, which was completed in September 2022 and delivered 230 student beds.

On the 30th September 2021 we acquired phase eight at 'The Ropeworks' in Leith, Edinburgh which will comprise of 22 townhouses and 16 colony flats expected to complete in June 2023. This phase will be the last of a development which will deliver a total of over 700 units in which S1 was involved since the commencement of the regeneration project at the Ropeworks.

S1 DEVELOPMENTS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

Key performance indicators

We are measuring our performance by using financial and quality indicators.

Financial performance indicators:

Turnover: Our turnover increased by 121% compared with last year's accounts, from approximately £11.4 million to £25.1 million. This was due to the completion of the development at Gilmore Place for which the company was responsible for the design and build and also because of the sale of the land at Skyliner, Ocean Terminal. Gross profit was 25% for 2022 and 21.5% for 2021. The gross profit increased mainly because of the disposal of the land at Ocean Terminal.

Profit before tax: Increased from 12% in 2021 to 21% in 2022, from approximately £1.4 million to £5.15.

Property reservations and units produced: Phase eight at the Ropeworks will be completed in June 2023 and all 38 units have been reserved. The company also delivered 230 student beds in connection with the development at Gilmore Place.

The position of the Company at the year end

The end of the financial year finds the company in a leading position in the small house builder's market in the area of Edinburgh. We will maintain our efforts to provide high end quality products and at the same time use materials that are more environmentally friendly. Additionally, we will continue to improve our workers' health and safety conditions by working closely with The City of Edinburgh Council's health and safety department.

On behalf of the board

Daniel John Teague
Director

14 June 2023

S1 DEVELOPMENTS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2022

The directors present their annual report and financial statements for the year ended 30 September 2022.

Principal activities

The principal activity of the company continued to be that of building, contracting and property development.

Directors

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

Shane David Teague

Daniel John Teague

Results and dividends

The results for the year are set out on Page 8.

During the current and previous year the company did not pay a dividend.

Post reporting date events

The company will be responsible for the design and build of 46 units at the site in Temple Park Crescent, owned by Oilmews Limited, with works commencing in the fourth quarter of 2022 and expected completion in the fourth quarter of 2023.

We are also responsible for the design and build of phase one of a development in St Andrews. This is a joint venture between St Andrews Teague Limited and Headon St Andrews West Limited. The development of this site consists of two phases. Phase one will deliver a mixture of 38 apartments, colonies and town houses. The first units are expected to be completed by September 2023.

Future developments

The fundamentals for the market have been positive with continued demand for new housing in the Edinburgh area. The directors keep under consideration the breadth of activities undertaken by the company, quality of the builds and market forces when determining their pricing strategy. This leaves them well placed to deal with any structural changes that may occur in the market.

Auditor

A resolution proposing that P Spyrou & Co be reappointed as auditor of the company will be put at a General Meeting.

Statement of disclosure to auditor

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

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

Daniel John Teague

Director

14 June 2023

S1 DEVELOPMENTS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2022

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

S1 DEVELOPMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF S1 DEVELOPMENTS LIMITED

Opinion

We have audited the financial statements of S1 DEVELOPMENTS LIMITED (the 'company') for the year ended 30 September 2022 which comprise the Statement of Income and Retained Earnings, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice) Section 1A.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

S1 DEVELOPMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF S1 DEVELOPMENTS LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- We identified the laws and regulations applicable to the company through discussions with the directors and from our commercial knowledge and experience of the construction industry;
- We focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including Companies Act 2006, taxation legislation, data protection, anti-bribery, environmental and health and safety legislation;
- We assessed the extent of compliance with the laws and regulations identified above through making enquiries to management and inspecting legal correspondence; and
- Identified laws and regulations were communicated within the audit team regularly and the team remained alert to any instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- Making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations;

S1 DEVELOPMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBER OF S1 DEVELOPMENTS LIMITED

To address the risk of fraud through management bias and override of controls, we:

- Performed analytical procedures to identify any unusual or unexpected relationships;
- Tested journal entries to identify unusual transactions;
- Investigated the rationale behind any significant or unusual transactions; and
- Assessed whether judgements and assumptions made in determining the accounting estimates made in notes 13,14,15 and 16 were indicative of potential bias

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- Agreeing financial statement disclosures to underlying supporting documentation;
- Reading the minutes of meetings of those charged with governance;
- Enquiring of management as to actual and potential litigation and claims;
- Reviewing correspondence with HMRC, relevant regulators and the company's legal advisors:

There are inherent limitations in our audit procedures described above. The more removed laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Polycarpus Spyrou
Senior Statutory Auditor
For and on behalf of P Spyrou & Co

14 June 2023

Chartered Certified Accountants
Statutory Auditor

1 Queens Parade
Brownlow Road
London
N11 2DN

S1 DEVELOPMENTS LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Notes	2022 £	2021 £
Turnover	2	25,118,463	11,378,176
Cost of sales		(18,872,052)	(8,931,600)
Gross profit		6,246,411	2,446,576
Administrative expenses		(1,012,206)	(1,071,722)
Other operating income		3,879	5,988
Operating profit	3	5,238,084	1,380,842
Interest receivable and similar income	7	17,117	16,582
Interest payable and similar expenses	8	(115,477)	(4,581)
Fair value gains/(losses) on financial instruments	9	10,133	-
Profit before taxation		5,149,857	1,392,843
Tax on profit	10	(971,965)	(245,671)
Profit for the financial year		4,177,892	1,147,172
Retained earnings brought forward		8,949,946	7,802,774
Retained earnings carried forward		13,127,838	8,949,946

The profit and loss account has been prepared on the basis that all operations are continuing operations.

S1 DEVELOPMENTS LIMITED

BALANCE SHEET

AS AT 30 SEPTEMBER 2022

		2022		2021	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	11		176,169		190,180
Investments	12		99,739		-
			<u>275,908</u>		<u>190,180</u>
Current assets					
Stocks	13	12,789,108		13,677,085	
Debtors	14	10,577,379		12,353,168	
Cash at bank and in hand		11,742,136		1,976,097	
		<u>35,108,623</u>		<u>28,006,350</u>	
Creditors: amounts falling due within one year	15	(22,169,797)		(19,166,166)	
Net current assets			<u>12,938,826</u>		<u>8,840,184</u>
Total assets less current liabilities			<u>13,214,734</u>		<u>9,030,364</u>
Creditors: amounts falling due after more than one year	16		(49,374)		(50,536)
Provisions for liabilities					
Deferred tax liability	19		(37,422)		(29,782)
Net assets			<u><u>13,127,938</u></u>		<u><u>8,950,046</u></u>
Capital and reserves					
Called up share capital	21		100		100
Profit and loss reserves			<u>13,127,838</u>		<u>8,949,946</u>
Total equity			<u><u>13,127,938</u></u>		<u><u>8,950,046</u></u>

The financial statements were approved by the board of directors and authorised for issue on 14 June 2023 and are signed on its behalf by:

Shane David Teague
Director

Company Registration No. 6378284

S1 DEVELOPMENTS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	24		6,775,304		(4,388,456)
Interest paid			(5,513)		(4,581)
Income taxes paid			(473,010)		(9,068)
Net cash inflow/(outflow) from operating activities			6,296,781		(4,402,105)
Investing activities					
Purchase of tangible fixed assets		(57,900)		(184,991)	
Proceeds from disposal of tangible fixed assets		2,012		75,250	
Purchase of investments		(89,606)		-	
Interest received		17,117		16,582	
Net cash used in investing activities			(128,377)		(93,159)
Financing activities					
Repayment of borrowings		(109,964)		-	
Repayment of bank loans		3,742,579		(208,295)	
Payment of finance leases obligations		11,138		64,099	
Net cash generated from/(used in) financing activities			3,643,753		(144,196)
Net increase/(decrease) in cash and cash equivalents			9,812,157		(4,639,460)
Cash and cash equivalents at beginning of year			1,927,655		6,567,115
Cash and cash equivalents at end of year			11,739,812		1,927,655
Relating to:					
Cash at bank and in hand			11,742,136		1,976,097
Bank overdrafts included in creditors payable within one year			(2,324)		(48,442)

S1 DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies

Company information

S1 DEVELOPMENTS LIMITED is a private company limited by shares incorporated in England and Wales. The registered office is 1 Queens Parade, Brownlow Road, London, N11 2DN and the principal place of business is 52-54 Dundas Street, Edinburgh, EH3 6QZ.

1.1 Accounting convention

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

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

The financial statements have been prepared under the historical cost convention, [modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value]. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company 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.

1.3 Turnover

Turnover represents amounts receivable for contracting work done and it represents the value of work invoiced during the year. Any amounts not invoiced are included in the work in progress. Work done and work in progress are recognised by reference to the stage of completion.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost net of depreciation.

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

Plant and machinery	20% Straight line
Fixtures, fittings & equipment	20% Straight line
Motor vehicles	25% Reducing balance

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

1.5 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

Other financial assets are measured at fair value and any change in the value of the assets is recognised through profit or loss. The fair value of other financial assets is based on valuations provided by external advisors.

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.

S1 DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies

(Continued)

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

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

1.6 Stocks

Stock and work in progress is valued at the lower of cost and net realisable value, whichever is lower. The cost of work in progress comprises of materials, direct labour, other direct costs and related overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stock and work in progress over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

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 profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Cash at bank and in hand

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

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 9 'Consolidated and Separate Financial Statements' of FRS 102 to all of its financial instruments.

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

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

1.9 Equity instruments

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

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.10 Taxation

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

S1 DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies

(Continued)

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

Deferred tax

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted. A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

1.11 Employee benefits

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

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

1.12 Retirement benefits

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

The company operates two defined contribution pension schemes for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered funds.

1.13 Leases

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

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

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

1.14 Grants

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

S1 DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

2 Turnover and other revenue

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

	2022 £	2021 £
Turnover analysed by class of business		
Sale of land	12,000,000	-
Work done	12,972,008	11,128,176
Management fees	146,455	250,000
	<u>25,118,463</u>	<u>11,378,176</u>

	2022 £	2021 £
Turnover analysed by geographical market		
United Kingdom and Northern Ireland	<u>25,118,463</u>	<u>11,378,176</u>

	2022 £	2021 £
Other revenue		
Interest income	17,117	16,582
Grants received	3,279	5,988
	<u>20,396</u>	<u>22,570</u>

3 Operating profit

	2022 £	2021 £
Operating profit for the year is stated after charging/(crediting):		
Government grants	(3,279)	(5,988)
Depreciation of owned tangible fixed assets	31,498	23,962
Depreciation of tangible fixed assets held under finance leases	39,900	38,300
Profit on disposal of tangible fixed assets	(1,499)	(75,250)
Operating lease charges	74,708	67,622
	<u>141,328</u>	<u>48,646</u>

4 Auditor's remuneration

	2022 £	2021 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	<u>18,000</u>	<u>17,250</u>

S1 DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

5 Employees

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

2022 Number	2021 Number
35	29

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	2,112,806	2,056,495
Social security costs	133,097	134,168
Pension costs	51,763	20,569
	<u>2,297,666</u>	<u>2,211,232</u>

6 Directors' remuneration

	2022 £	2021 £
Remuneration paid to directors	889,239	862,578
Company pension contributions to defined contribution scheme	19,994	-
	<u>909,233</u>	<u>862,578</u>

7 Interest receivable and similar income

	2022 £	2021 £
Interest income		
Interest on bank deposits	17,117	16,204
Other interest income	-	378
	<u>17,117</u>	<u>16,582</u>

	2022 £	2021 £
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	<u>17,117</u>	<u>16,204</u>

S1 DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

8 Interest payable and similar expenses

	2022 £	2021 £
Interest on finance leases and hire purchase contracts	5,507	4,581
Interest payable on bank loans and overdrafts	109,964	-
Other interest	6	-
	<u>115,477</u>	<u>4,581</u>

9 Fair value gains/(losses) on financial instruments

	2022 £	2021 £
Gain on financial assets held at fair value through profit or loss	10,133	-
	<u>10,133</u>	<u>-</u>

10 Taxation

	2022 £	2021 £
Current tax		
UK corporation tax on profits for the current period	964,325	223,010
Deferred tax		
Origination and reversal of timing differences	7,640	22,661
	<u>971,965</u>	<u>245,671</u>

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

	2022 £	2021 £
Profit before taxation	<u>5,149,657</u>	<u>1,392,843</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	978,473	264,640
Tax effect of expenses that are not deductible in determining taxable profit	3,898	3,410
Group relief	(15,165)	(11,159)
Adjustments in respect of financial assets	(1,922)	-
Depreciation add back	13,566	11,830
Capital allowances	(14,240)	(31,413)
Chargeable disposals	(285)	(14,298)
Deferred tax for the year	7,640	22,661
	<u>971,965</u>	<u>245,671</u>

S1 DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

11 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 October 2021	348,018	102,468	27,400	477,886
Additions	46,000	11,900	-	57,900
Disposals	-	-	(12,150)	(12,150)
At 30 September 2022	394,018	114,368	15,250	523,636
Depreciation and impairment				
At 1 October 2021	193,670	75,726	18,310	287,706
Depreciation charged in the year	51,826	17,427	2,145	71,398
Eliminated in respect of disposals	-	-	(11,637)	(11,637)
At 30 September 2022	245,496	93,153	8,818	347,467
Carrying amount				
At 30 September 2022	148,522	21,215	6,432	176,169
At 30 September 2021	154,348	26,742	9,090	190,180

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

	2022 £	2021 £
Plant and machinery	128,900	138,000

12 Fixed asset investments

	2022 £	2021 £
Unlisted investments	99,739	-

S1 DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

12 Fixed asset investments (Continued)

Movements in fixed asset investments

	Investments £
Cost or valuation	
At 1 October 2021	-
Additions	99,739
	<hr/>
At 30 September 2022	99,739
	<hr/>
Carrying amount	
At 30 September 2022	99,739
	<hr/>
At 30 September 2021	-
	<hr/>

Fixed asset investments consist of investments made in private markets during the year.

13 Stocks

	2022 £	2021 £
Site costs	3,000,000	6,204,950
Work in progress	9,789,108	7,472,135
	<hr/>	<hr/>
	12,789,108	13,677,085
	<hr/>	<hr/>

14 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors (note 27)	156,197	983,155
Amount due from parent undertaking(note 26)	2,913,983	2,888,746
Amounts due from fellow group undertakings(note 27)	63,843	-
Connected parties (note 27)	7,340,661	7,349,526
Other debtors	24,196	1,120,250
Prepayments and accrued income	78,499	11,491
	<hr/>	<hr/>
	10,577,379	12,353,168
	<hr/>	<hr/>

S1 DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

15 Creditors: amounts falling due within one year

	Notes	2022 £	2021 £
Bank loans and overdrafts	17	3,744,903	48,442
Obligations under finance leases	18	33,363	21,063
Trade creditors		798,261	4,472,245
Gross amounts owed to contract customers		92,851	-
Amounts owed to group undertakings (note 27)		11,237,868	11,067,368
Corporation tax		714,325	223,010
Other taxation and social security		77,783	61,727
Connected parties (note 27)		5,336,838	3,221,059
Other creditors		39,000	91
Accruals and deferred income		94,605	51,161
		<u>22,169,797</u>	<u>19,166,166</u>

16 Creditors: amounts falling due after more than one year

	Notes	2022 £	2021 £
Obligations under finance leases	18	49,374	50,536
		<u>49,374</u>	<u>50,536</u>

Net obligations under finance lease and hire purchase contracts are secured by fixed charges on the assets concerned.

17 Loans and overdrafts

	2022 £	2021 £
Bank loans	3,742,579	-
Bank overdrafts	2,324	48,442
	<u>3,744,903</u>	<u>48,442</u>
Payable within one year	3,744,903	48,442
	<u>3,744,903</u>	<u>48,442</u>

The loan facility is secured by a charge over the asset known as: Phase 8, The Ropeworks, Pillans Place, Edinburgh, EH6 7FG.

The loan facility will be repaid in full upon completion of sale of certain amount of units in relation to the above mentioned asset.

S1 DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

18 Finance lease obligations

	2022	2021
	£	£
Future minimum lease payments due under finance leases:		
Within one year	33,363	21,063
In two to five years	49,374	50,536
	<u>82,737</u>	<u>71,599</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is three years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

19 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2022	Liabilities 2021
	£	£
Balances:		
Accelerated capital allowances	<u>37,422</u>	<u>29,782</u>

20 Retirement benefit schemes

	2022	2021
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>51,763</u>	<u>20,569</u>

The company operates two defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds.

21 Share capital

	2022	2021
	£	£
Ordinary share capital		
Issued and fully paid		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

S1 DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

22 Operating lease commitments

Lessee

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

	2022 £	2021 £
Within one year	30,000	30,000
Between two and five years	120,000	120,000
In over five years	16,027	46,027
	<u>166,027</u>	<u>196,027</u>

23 Events after the reporting date

See 'Post reporting date events' section included in the Directors' Report.

24 Cash generated from/(absorbed by) operations

	2022 £	2021 £
Profit for the year after tax	4,177,892	1,147,172
Adjustments for:		
Taxation charged	971,965	245,671
Finance costs	115,477	4,581
Investment income	(17,117)	(16,582)
Gain on disposal of tangible fixed assets	(1,499)	(75,250)
Depreciation and impairment of tangible fixed assets	71,398	62,262
Other gains and losses	(10,133)	-
Movements in working capital:		
Decrease/(increase) in stocks	887,977	(6,722,658)
Decrease/(increase) in debtors	1,775,789	(1,036,622)
(Decrease)/increase in creditors	(1,196,445)	2,002,970
Cash generated from/(absorbed by) operations	<u>6,775,304</u>	<u>(4,388,456)</u>

S1 DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

25 Analysis of changes in net funds

	1 October 2021	Cash flows	Market value movements	30 September 2022
	£	£	£	£
Cash at bank and in hand	1,976,097	9,766,039	-	11,742,136
Bank overdrafts	(48,442)	46,118	-	(2,324)
	<u>1,927,655</u>	<u>9,812,157</u>	<u>-</u>	<u>11,739,812</u>
Borrowings excluding overdrafts	-	(3,632,615)	(109,964)	(3,742,579)
Obligations under finance leases	(71,599)	(11,138)	-	(82,737)
	<u>1,856,056</u>	<u>6,168,404</u>	<u>(109,964)</u>	<u>7,914,496</u>

26 Parent company

The ultimate parent company is Eugate Investments Limited, a company registered in England and Wales.

Eugate Investment Limited prepares group financial statements and can be obtained from the Company's registered office, 1 Queens Parade Brownlow Road London N11 2DN.

27 Related party transactions

S1 DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

27 Related party transactions

(Continued)

Debtors - amounts due from connected parties (note14)

St Andrews Teague Limited: £60,343 (first period). St Andrews Teague Limited is a fellow subsidiary and is controlled by both Shane David Teague and Daniel John Teague.

Skyliner Teague Limited: £3,500 (2021: £Nil). Skyliner Teague Limited is a fellow subsidiary and is controlled by both Shane David Teague and Daniel John Teague.

Gilmore Teague Limited: 2022: In creditors (2021: £1,189,521) both Shane David Teague and Daniel John Teague are the only directors and shareholders.

Mining Teague Limited: £250,356 (2021: £250,343) both Shane David Teague and Daniel John Teague are the only directors and shareholders.

S1West Ltd: £567,649 (2021: £531,649) both Shane David Teague and Daniel John Teague are the only directors and shareholders.

Tynecastle Teague Limited: £5,381,513 (2021: £5,378,013) both Shane David Teague and Daniel John Teague are the only directors and shareholders.

Key Teague Investments Limited: £1,100,000 both Shane David Teague and Daniel John Teague are the only directors and shareholders.

G-Tech Mechanical Services Limited: £41,143 both Shane David Teague and Daniel John Teague are the only directors and shareholders.

Creditors - amounts due to group undertakings & connected parties (note15)

Lincam Pentland Limited: £11,237,868 (2021: £11,067,368). Lincam Pentland Limited is a fellow subsidiary and is controlled by both Shane David Teague and Daniel John Teague.

Olimews Limited: £2,921,252 (2021: £3,221,059) both Shane David Teague and Daniel John Teague are the only directors and shareholders.

Gilmore Teague Limited: £2,415,586 (2021: In debtors) both Shane David Teague and Daniel John Teague are the only directors and shareholders.

Directors' transactions - included in trade debtors (note14)

During the year, the company provided building services at arm's length to one of the company's directors for the amount of £63,715.

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