17 September 2024

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

Final Results and Publication of Annual Report

Springfield Properties (AIM: SPR), a leading housebuilder in Scotland focused on delivering private and affordable housing, announces its final results for the year ended 31 May 2024.

Financial Summary

	2024 £m	2023 £m	Change
Revenue	266.5	332.1	(19.8)%
Private housing revenue	*184.7*	*253.4*	(27.1)%
Affordable housing revenue	*47.0*	*53.9*	(12.9)%
Contract housing revenue	*5.0*	*19.7*	(74.6)%
Land sales	*28.1*	*3.7*	663.2%
Other revenue	*1.8*	*1.5*	19.3%
Gross margin	16.3%	14.4%	190bps
Administrative expenses*	26.5	28.0	(5.3)%
Operating profit	17.0	20.0	(14.8)%
Adj. operating profit*	17.9	20.7	(13.4)%
Profit before tax	9.7	15.3	(36.7)%
Adj. profit before tax*	10.6	16.0	(33.8)%
Basic EPS (p)	6.36	10.19	(37.6)%
Adj. basic EPS* (p)	7.05	10.74	(34.4)%
Net bank debt	39.9	61.8	(35.4)%
Total dividend per share (p)	1.0	-	-

** Adjusted to exclude exceptional costs of £0.9m (2023: £0.7m) (See the Financial Review for further detail)*

Highlights

- Adjusted profit before tax* of £10.6m (2023: £16.0m), ahead of management's original expectations due to strong profits on land sales
- Delivered key objective of significantly reducing net bank debt, exceeding target of £55.0m with net bank debt of £39.9m (31 May 2023: £61.8m):
    - Decisive action taken to reduce costs and manage working capital across the business
    - Profitable land sales of £28.1m
- Total completions of 878 (2023: 1,301), in line with market expectations, reflecting challenging market conditions in the housing industry
- Private housing revenue of £184.7m (2023: £253.4m) as demand in the year was impacted by high interest rates, mortgage affordability, the cost-of-living crisis and reduced homebuyer confidence
    - Since year end, the Group is experiencing initial signs of recovery, with reservation rates ahead of the same period last year
- Affordable housing revenue of £47.0m (2023: £53.9m) reflecting the Group's decision in the prior year to pause entering into new affordable-only fixed price contracts
    - During the year, the Group recommenced actively engaging with affordable housing providers following the introduction of the new Scottish Government benchmark - with contracts worth over £50m signed in the year for delivery during FY 2024 and beyond
- Total owned land bank of 5,593 plots, 88% with planning permission, secured at an attractive cost per plot, and a strategic land bank of a further 3,147 acres, equating to 31,471 plots
    - One of the largest land banks in Scotland, including significant holdings in the North of the country where the Group will benefit from the expected sharp increase in demand for housing to support the delivery of the Inverness and Cromarty Firth Green Freeport and substantial upgrades to the power network
- Strategic collaboration agreement signed with Barratt Developments for the Group's Durieshill site to create a new village, spanning almost 600 acres, near Stirling:
    - Completed a land sale to Barratt during the year for 34 acres of land at the site for £10m, realising value from the Group's substantial and high-quality land holding
    - Separately, over the coming years, Barratt will receive land at the site in exchange for providing and funding the major infrastructure development for the entire site - accelerating site development

while eliminating the Group's need to tie up capital over a multi-year period

- Long-term fundamentals of the Scottish housing market remain strong with the undersupply of housing across all tenures becoming more acute and greater private housing affordability than the UK as a whole
- Resumption of dividend - declaring a total dividend for the year of 1p per share (2023: nil)

Current Trading and Outlook for FY 2025

- Entered the new financial year in a better position than the same point of the previous year - with a stronger balance sheet, improving private market backdrop and larger contracted order book in affordable housing
- Recovery being experienced in private housing - reservation rate for 1 June 2024 to date ahead of same period last year
- Substantial proportion of forecast FY 2025 revenue for affordable housing is already contracted with the balance under negotiation - strong year-on-year revenue growth and significant improvement in gross margin expected
- On track to report results for FY 2025 in line with market expectations, with total revenue remaining level and profitability growing over FY 2024

Innes Smith, Chief Executive Officer of Springfield Properties, said:

"Against a challenging market backdrop, we successfully delivered our objectives for the year. A key priority was reducing our debt, and we're very pleased that we have exceeded our target. This was achieved through taking decisive action to reduce costs, manage working capital and secure profitable land sales of sites that do not impact on our near-term development pipeline. We are now in a strong position to deliver future growth as more favourable economic and trading conditions return.

"We are also encouraged by early indications for an improving backdrop. Many of the key elements that underpin homebuyer confidence are strengthening, including decreasing inflation and the first Bank of England interest rate reduction in over four years. While it remains early days, we are pleased we have started to see an improvement in private housing demand since year end - with reservation rates being ahead of the same time last year. Similarly, having actively recommenced signing affordable contracts, contracted order book in affordable housing at year end was also ahead of where it was at the same point in the previous year.

"We continue to have one of the largest owned land banks in Scotland, with a high proportion of sites having planning already in place. We are particularly excited about the forthcoming investment in Scotland with the creation of the Inverness and Cromarty Firth Green Freeport and the development of Scottish & Southern Energy Networks' new powerlines to provide the UK with renewable energy, which will require the building of thousands of new homes. We have worked across the North of Scotland for decades and are passionate about growth and development for the region. With significant land holdings in Moray and the Highlands, we are uniquely placed to help deliver this opportunity as the housing market recovers.

"As a result, we look to the future with increasing confidence and, accordingly, we are pleased to be able to return to making dividend payments earlier than initially anticipated. We thank our shareholders for their continued support and look forward to updating them on our progress."

Enquiries

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Analyst Research

Equity Development and Progressive Equity produce freely available research on Springfield Properties plc, including financial forecasts. This is available to view and download here:
https://www.thespringfieldgroup.co.uk/news/updates-and-analyst-reports

Results Investor Webinar

Sandy Adam, Chairman, Innes Smith, Chief Executive Officer, and Iain Logan, Chief Financial Officer, will be presenting to shareholders via a webinar hosted by Equity Development at 9.00am BST on Wednesday 18 September 2024. Investors can register their attendance for the webinar: here.

Operational Review

In line with market expectations, the Group completed 878 homes in the year to 31 May 2024 (2023: 1,301), reflecting the challenging market backdrop with subdued homebuyer confidence and reduced affordable housing activity reflecting the Group's decision in FY 2023 to pause entering new affordable-only contracts until the economics became more attractive. The Group acted decisively in response to these conditions and adopted a strategy focusing on lowering its debt by reducing costs, managing working capital and pursuing profitable land sales to accelerate cash realisation from its large land bank. The Group delivered on its objective - with the actions taken enabling a significant reduction in net bank debt to £ 39.9m as at 31 May 2024 (31 May 2023: £61.8m), well ahead of the original £55m target.

As a result of the decisive actions taken during the year, and with continued careful cost control, the Group is in a stronger position to deliver future growth as more favourable economic and trading conditions return.

Land Bank

As noted, a key element of the Group's strategy to reduce net bank debt was the active pursuit of profitable land sales. During the year, the Group completed land sales of £28.1m, generating profit of £6.2m. These sites were not part of the Group's near-term development pipeline and therefore increase monetisation of the Group's land bank. The Group also significantly reduced land buying activity. Springfield's high-quality land bank has mostly been secured off market without planning, resulting in a very low average cost per plot that enables the Group to maximise the long-term value of its sites.

The Group continues to have one of the largest land banks in Scotland, in key locations across the country. This includes across the North of Scotland where the Group is set to benefit from the expected sharp increase in housing demand to support the delivery of renewable infrastructure projects. The Inverness and Cromarty Firth Green Freeport is expected to create more than 10,000 new jobs in the area and receive over £3bn of new investment. In addition, Scottish & Southern Energy Networks ("SSEN") has made a commitment to contribute to the development of thousands of homes across the North of Scotland to support the building of its new powerline. With significant land holdings in this region, the Group is uniquely placed to help deliver this opportunity and build the new homes required.

At 31 May 2024, the Group had 5,593 owned plots (31 May 2023: 6,712), of which 88% had planning permission (31 May 2023: 83%), equating to six years of activity. In addition, the Group's strategic land bank consisted of 3,147 acres (31 May 2023: 3,255 acres), equating to 31,471 plots, providing over 30 years of activity. Within the strategic land bank, the Group had options over 24,605 plots and 6,866 plots were contracted, of which 57% already have planning.

The gross development value of the owned land bank at 31 May 2024 was £1.5bn (31 May 2023: £1.8bn).

At year end, the Group was active on 42 developments (31 May 2023: 50) and during the year 25 developments were completed and 17 new developments became active.

Private Housing

The number of private home completions was 584 for the year (2023: 866), reflecting the impact of market conditions. In line with industry trends, reduced homebuyer confidence resulted in the Group entering the financial year with a lower forward orderbook than at the same point of the prior year, with demand remaining subdued through the first half. The Group experienced some recovery in private housing demand from January 2024, and continued to experience a steady level of reservations through to year end. While it remains early days, the Group has also experienced an improvement in private housing since year end. In particular, there was a significant increase in reservation rates during the traditionally quieter school summer holiday period compared with the same period last year.

In response to the challenging market backdrop, and as previously stated, in September 2023 the Group decided to significantly curtail its speculative development activities and only build homes when a reservation was secured. This was largely maintained through the end of the financial year when the Group began to undertake soft launches to test the market ahead of building.

The average selling price ("ASP") for private housing during the year increased to £316k (2023: £293k), reflecting changes in the housing mix and with selling prices being upheld across the Group's brands.

As at 31 May 2024, the Group was active on 29 private housing developments (31 May 2023: 32), with 7 active developments added during the year and 10 developments completed. In total, as at 31 May 2024, the owned private housing land bank consisted of 3,837 plots (31 May 2023: 5,075 plots), of which 87% had planning permission (31 May 2023: 86%).

Village Developments

Village Developments

Springfield Villages are large, standalone developments that include up to 3,000 homes across tenures, infrastructure and neighbourhood amenities, and with ample greenspace. At Bertha Park and Elgin South, new phases of homes were released for sale during the year. There was also a continued expansion of amenities and strengthening of community engagement at the Village developments, enabling the local communities to become more established.

A key milestone was the signing of a strategic collaboration agreement with Barratt Developments for the development of the Group's Durieshill site, to create a new village, spanning almost 600 acres, near Stirling. The development has the planning in place - with the section 75 agreement being received in the year - for 3,000 private and affordable homes alongside new schools, local shops and other business opportunities, community woodlands and greenspace. The Group completed a land sale to Barratt during the year for an initial 34 acres of land at the site for £10m, realising value from the Group's substantial and high-quality land holding. Separately, over the coming years, Barratt will receive land at the site in exchange for providing and funding the major infrastructure development for the entire site. This agreement will accelerate the development of the site while eliminating the Group's need to tie up capital over a multi-year period.

Affordable Housing

During the year, the Group recommenced actively engaging with affordable housing providers. This followed the Scottish Government increasing the affordable housing investment benchmarks and a reduction in levels of cost price inflation of both labour and materials, which enabled housing associations to increase the price of affordable housing contracts. Affordable housing offers high revenue visibility with low capital exposure and strong cash flow dynamics. The Group received encouraging demand during the year, signing affordable housing contracts totalling over £50m for delivery during FY 2024 and beyond. The Group is focusing on securing shorter-term contracts, typically for 12-18 months, which provides a greater degree of cost certainty than with large, multi-year contracts.

The Group completed 270 affordable homes during the year (2023: 328). This reduction reflects the decision in the previous year to pause entering new affordable-only contracts until the economics became more attractive in the inflationary environment. Average selling price was £174k (2023: £164k) with new contracts reflecting the uplift in the Scottish Government grant available per home. The number of active affordable housing developments was 10 at 31 May 2024 (31 May 2023: 15), with 10 active developments added during the year and 15 developments completed. This included completing two large, legacy contracts that had been impacting margin due to the high cost price inflation that had occurred since the contracts were signed.

As at 31 May 2024, the total owned affordable housing land bank consisted of 1,756 plots (31 May 2023: 1,637), of which 89% had planning permission (31 May 2023: 79%).

Contract Housing

In contract housing, the Group provides development services to third party private organisations and receives revenue based on costs incurred plus fixed mark up. To date, this has largely consisted of services provided to Bertha Park Limited.

At 31 May 2024, the contract housing land bank with planning consent consisted of 579 plots (31 May 2023: 603). The 24 homes completed during the year (2023: 107) comprised 10 private homes, 13 affordable homes and one private rented sector ("PRS") home at Bertha Park. The reduction reflects no new phases of private housing being released until the end of the year and the contribution to 2023 of delivery under the Group's PRS contract. As previously noted, the Group's strategy to expand PRS activity was put on hold following the introduction of rent control by the Scottish Government in FY 2023. While the national rent cap has since been lifted, the publication of a Housing Bill proposing the potential for local rent setting has meant that PRS investors are not committing to projects in Scotland.

Financial Review

Revenue	**2024** **£'000**	**2023** **£'000**	**Change**
Private housing	184,734	253,362	(27.1)%
Affordable housing	46,975	53,931	(12.9)%
Contract housing	4,995	19,681	(74.6)%
Land sales	28,055	3,676	663.2%
Other	1,768	1,482	19.3%

Other	[illegible]	[illegible]	[illegible]
TOTAL	**266,527**	**332,132**	**(19.8)%**

For the year ended 31 May 2024, revenue was £266.5m (2023: £332.1m). Private housing remained the largest contributor to Group revenue, accounting for 69.3% of total sales (2023: 76.3%), with revenue of £184.7m (2023: £253.4m). The reduction was primarily due to the reduced homebuyer confidence that was experienced across the industry resulting in the Group entering the financial year with a lower orderbook than in the previous year. Affordable housing revenue was £47.0m (2023: £53.9m), accounting for 17.6% of total sales (2023: 16.2%), with the lower revenue reflecting the decision in the previous year to pause entering new affordable-only contracts until the economics became more attractive in the inflationary environment. In contract housing, which accounted for 1.9% of total sales (2023: 5.9%), revenue was lower as no new phases of private housing were released at Bertha Park until the end of the year and because of the contribution to 2023 from revenue generated through delivery under the Group's PRS contract.

As previously noted, a key part of the Group's strategy during the year was to reduce the debt position through profitable sales of land at sites that do not impact the Group's near-term development pipeline. Accordingly, there was a substantial increase in revenue generated from land sales to £28.1m (2023: £3.7m), which generated a profit of £6.2m.

Gross profit for the year was £43.4m (2023: £48.0m) due to the lower revenue. Gross margin for the Group was 16.3% (2023: 14.4%), which primarily reflects the contribution from profitable land sales. Gross margin in private housing was broadly maintained while there was an improvement in affordable housing gross margin reflecting the lesser impact of the legacy contracts that had impacted the prior year.

Administrative expenses, excluding exceptional items, were £26.5m (2023: £28.0m), reflecting the sustained focus on generating cost savings and rationalisation across the Group.

Finance costs were £7.5m (2023: £4.8m), which represents higher bank interest payments due to the increase in interest rates and the increase in average bank debt over the period to fund the final deferred payment for the acquisition of Tulloch Homes as well as the first deferred payments for the Mactaggart & Mickel Homes acquisition.

Exceptional items were £0.9m (2023: £0.7m), which mainly relates to restructuring costs involved with reducing the ongoing cost base of the Group.

Operating profit was £17.0m (2023: £20.0m). Excluding exceptional items, operating profit was £17.9m (2023: £20.7m). Statutory profit before tax was £9.7m (2023: £15.3m) and adjusted profit before tax and exceptional items was £10.6m (2023: £16.0m).

Basic earnings per share (excluding exceptional items) were 7.05 pence (2023: 10.74 pence). Statutory basic earnings per share were 6.36 pence (2023: 10.19 pence). Return on capital employed was 8% (2023: 8.8%), which primarily reflects the lower profit.

Net bank debt at 31 May 2024 was significantly reduced to £39.9m (31 May 2023: £61.8m), reflecting the sustained focus on reducing the debt position as described above. Net bank debt to EBITDA ratio was 2.0 (2023: 2.8).

A term loan of £18.0m that had a repayment date in September 2024 was paid in full in May 2024. The Group's revolving credit facility of £87.5m that was initially due to expire in January 2025 has, post year end, been extended for a further 12 months to January 2026 and a £7.5m overdraft facility has also been put in place for 12 months until September 2025.

Customer Satisfaction

The Group achieved 96% (2023: 94%) customer satisfaction, striving towards its aspirational target of 100%. Springfield is proud to offer customers a high level of specification as standard, significant choice and excellent customer service through all stages of the house buying journey. During the year, the Group was also successfully re-certified for ISO 9001 (Quality Management).

With a years' experience delivering homes under the New Homes Quality Board Code of Practice, the new processes introduced have created value, particularly in managing final touches with homes now completed at least two weeks prior to customers moving in.

Build Quality and Efficiencies

Following a review of the house types offered across its brands, the Group streamlined its portfolio down to the most popular homes that are most efficient to build and capable of accommodating future building standards to maximise energy efficiency. The entire new range can be built efficiently from timber kits and maximises the use of modern methods of construction on site. The greater build efficiency will mitigate the cost increases associated with new regulation. For all new planning applications, homes for each brand are now selected from a portfolio of 40 house types ranging from 700sq.ft to 2,500sq.ft offering two bed to five bed homes. Architecturally, the new portfolio has protected the quality, space and character in house design.

This includes a mix of elevations for the interesting streetscapes that Springfield is renowned for. The consistent build approaches will enable the Group to increase the quality of its housing delivery.

Environment and People - ESG

The Group builds highly energy efficient homes within communities designed for residents to live sustainably. The Group utilises modern methods of construction to build the timber kits for its homes off-site in two regional factories. Springfield has led the way in the delivery of developments utilising air source technology and, during the year, almost half of the homes delivered were without gas.

A number of strategic projects were progressed during the year that are designed to add meaningful value to the Group's people - employees, customers and the communities in which the Group builds - and the environment, with changes to the Group's operations reducing carbon, preventing waste or protecting habitats. This has been captured in the Group's annual ESG Strategy Update, which has been published on the Springfield Group website. Springfield's industry-leading levels of investment in training and development also continued during the year, with 22% of the Group's site workers undertaking apprenticeships and 6% of office employees working towards formal learning & development qualifications.

Markets

The requirement for new housing in Scotland is at an all-time high and drops in housing supply across the industry further compound housing needs. The Scottish Government declared a national housing emergency in May 2024. This has created impetus for the Government to address barriers to new housing delivery, including a review of PRS rent regulation. The scale of unmet demand continues to underpin the fundamentals of the Group's business, allowing a return to growth as confidence in the private housing market increases.

In private housing, while the subdued market has resulted in lower completions, aspirations for the type of homes that the Group offers remain high. Across each of Springfield's brands, the Group builds quality, spacious, energy efficient homes in highly desirable areas with generous private gardens and plenty of surrounding greenspace. Mortgage lenders are keen to lend to buyers of energy efficient new build homes. The Bank of England reduced its base rate in August and with further stability, homebuyers' confidence is expected to increase. There continues to be greater affordability in Scotland compared with the UK as a whole. The Scottish missive system continues to give the Group confidence in its sales, with the Group's customers contracted into the purchase earlier in the build programme than in other parts of the UK.

The Group is particularly excited by the opportunities offered by the incoming investment in UK Government-financed green infrastructure development in Scotland and the action being taken to ensure there is sufficient housing in key regions to attract the thousands of new workers that are required. This includes the Inverness and Cromarty Firth Green Freeport where a pipeline of renewable energy projects is placing the Highlands and Moray at the heart of the drive towards net-zero, creating 10,000 jobs locally and expected new investment of over £3bn. Investment is already being made into ports across the region and new housing will be an essential part of the supporting infrastructure. In addition, from 2026, SSEN is significantly upgrading the Scottish national power network with the creation of a new powerline. It is estimated that up to 6,000 workers will be required over the initial five-year build programme and SSEN has made a commitment to contribute to the development of thousands of homes across the North of Scotland.The Group is already exploring with key stakeholders how this demand can be met while satisfying SSEN's desire to leave a lasting legacy for the local communities. With land holdings across the North of Scotland, the Group is extremely well-placed to assist and help realise the potential for economic stimulus to these regions.

With housing receiving political focus across the UK, there has been an increased urgency in response from public and private sectors and an appetite for collaboration to provide more homes across tenures and meet the Scottish Government's long-standing commitment to deliver 110,000 affordable homes by 2032. As a member of the Scottish Government's Housing Investment Task Force established in April 2024, the Group is working closely with the Housing Minister and key stakeholders from housing and finance to identify ways of attracting additional investment into housing, including the unlocking of PRS investment in Scotland.

Dividend

The Board is pleased to recommend a dividend for the year of 1p per ordinary share (2023: nil), subject to shareholder approval at the next annual general meeting, with an ex-dividend date of 7 November 2024, a record date of 8 November 2024 and a payment date of 12 December 2024.

Outlook

The Group entered the new financial year in a better position than at the same point in the previous year - with a stronger balance sheet, an improving private market backdrop and a larger contracted order book in affordable housing. Since year end, the Group has experienced an increase in private housing reservation rate, with the reservation rate from 1 June 2024 to date being ahead of the same period last year.

With the sustained improvement in market conditions and homebuyer confidence, as described above, the Group is on track to deliver revenue for private housing for FY 2025 in line with market expectations. In affordable housing, a significant proportion of the Group's forecast revenue for FY 2025 is already contracted and the balance is under negotiation. Accordingly, the Board continues to expect to achieve strong year-on-year growth in affordable housing revenue as well as a significant improvement in affordable housing gross margin. In addition, build cost inflation is expected to be broadly flat for FY 2025. As a result, the Group is on track to report results for the year to 31 May 2025 in line with market expectations, with total revenue remaining level with FY 2024 and growth in profitability.

Looking further ahead, the fundamentals of the business and of the housing market in Scotland remain strong. The undersupply of housing, which is across all tenures, is intensifying. The Group offers high quality, energy efficient homes in popular locations across the country under multiple well established, reputable brands. It has one of the largest owned land banks in Scotland, 88% of which has planning permission. This includes significant land holdings in the North of Scotland, a region that will require thousands of new homes in the coming years to support the planned development of green infrastructure. In addition, management is hopeful of a change in the policy environment regarding rent cap barriers, which would encourage PRS providers to resume activity in Scotland. The Group is well positioned to benefit from any return of PRS housing development, which would represent an upside to forecasts, having successfully delivered the first houses built specifically for private rent in Scotland.

Accordingly, the Board remains confident in the Group's prospects and in its ability to generate shareholder value.

Publication of Annual Report

The Company's annual report and accounts for the year ended 31 May 2024 are being sent to shareholders today and have been made available on the 'Financial Results and Reports' page of the Company's website: www.thespringfieldgroup.co.uk

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MAY 2024

	Note	2024 £000	2023 £000
Revenue	3	266,527	332,132
Cost of sales		(223,155)	(284,177)
Gross profit		**43,372**	**47,955**
Administrative expenses before exceptional items		(26,485)	(27,955)
Exceptional items	5	(898)	(720)
Total administrative expenses		(27,383)	(28,675)
Other operating income		1,021	688
Operating profit		**17,010**	**19,968**
Finance income		159	133
Finance costs		(7,501)	(4,812)
Profit before taxation		**9,668**	**15,289**
Taxation	4	(2,120)	(3,216)
Profit for the year and total comprehensive income		**7,548**	**12,073**
Profit for the year and total comprehensive income is attributable to:			
Owners of the parent company		7,548	12,073
		7,548	**12,073**
Earnings per share			
Basic earnings on profit for the year	7	6.36p	10.19p
Diluted earnings on profit for the year	7	6.12p	9.90p
Adjusted earnings per share			
Basic earnings on profit for the year	7	7.05p	10.74p
Diluted earnings on profit for the year	7	6.77p	10.43p

Adjusted earnings per share is a non-GAAP measure and is presented as an additional performance measure and is stated before exceptional items.

The Group has no items of other comprehensive income.

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

FOR THE YEAR ENDED 31 MAY 2024

Non-current assets	Note	2024 £000	2023 £000
Property, plant and equipment		7,184	7,816
Intangible assets		5,698	5,953
Deferred taxation		1,787	1,783
Trade and other receivables		5,000	5,000
		19,669	**20,552**
Current assets			
Inventories		244,297	277,633
Trade and other receivables		26,352	22,588
Cash and cash equivalents		14,935	8,909
		285,584	**309,130**
Total assets		**305,253**	**329,682**
Current liabilities			
Trade and other payables		49,632	55,788
Short-term bank borrowings	9	54,839	-
Deferred consideration	10	7,339	11,785
Short-term obligations under lease liabilities		1,567	1,884
Provisions	12	2,018	1,710
Corporation tax		1,342	362
		116,737	**71,529**
Non-current liabilities			
Long-term bank borrowings	9	-	70,673
Long-term obligations under lease liabilities		3,971	4,016
Deferred taxation		2,958	3,615
Deferred consideration	10	17,123	24,332
Contingent consideration	11	2,000	2,000
Provisions	12	4,257	2,884
		30,309	**107,520**
Total liabilities		**147,046**	**179,049**
Net assets		**158,207**	**150,633**
Equity			
Share capital	13	148	148
Share premium	13	78,744	78,744
Retained earnings		79,315	71,741
Equity attributable to owners of the parent company		**158,207**	**150,633**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MAY 2024

	Notes	Share capital £000	Share premium £000	Retained earnings £000	Total £000
1 June 2022		148	78,744	64,635	143,527
Total comprehensive income for the year		-	-	12,073	12,073
Share-based payments	13	-	-	601	601
Dividends	6	-	-	(5,568)	(5,568)
31 May 2023		**148**	**78,744**	**71,741**	**150,633**
Total comprehensive income for the year		-	-	7,548	7,548
Share-based payments	13	-	-	26	26
31 May 2024		**148**	**78,744**	**79,315**	**158,207**

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 issued, less share issue costs.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR TO 31 MAY 2024

		2024	2023
Cash flows generated from operations	**Note**	**£000**	**£000**
Profit for the year - Adjusted for:		7,548	12,073
Exceptional items		898	720
Taxation charged		2,120	3,216
Finance costs		7,501	4,812
Finance income		(159)	(133)
Adjusted operating profit before working capital movement		**17,908**	**20,688**
Exceptional items		(898)	(720)
Gain on disposal of tangible fixed assets		(215)	(312)
Gain on disposal of investment		-	(158)
Share-based payments		26	601
Amortisation of intangible fixed assets		259	255
Depreciation and impairment of tangible fixed assets		2,332	2,257
Operating cash flows before movements in working capital		**19,412**	**22,611**
(Decrease)/increase in inventory		32,086	(3,251)
Increase in accounts and other receivables		(2,497)	(404)
Decrease in accounts and other payables		(4,496)	(10,818)
Net cash from operations		**44,505**	**8,138**
Taxation paid		(1,818)	(2,900)
Net cash inflow from operating activities		**42,687**	**5,238**
Investing activities			
Purchase of property, plant and equipment		(177)	(478)
Proceeds on disposal of property, plant and equipment		270	427
Proceeds on disposal of investment		-	678
Interest received		155	-
Acquisition of subsidiary, net of cash acquired		-	(15,867)
Purchase of intangible assets		(4)	(30)
Net cash from/(used in) investing activities		**244**	**(15,270)**
Financing activities			
Deferred consideration paid on acquisition of subsidiary		(12,141)	(6,138)
Proceeds from bank loans		-	20,187
Repayment of bank loans		(15,834)	-
Payment of lease liabilities		(2,234)	(2,147)
Dividends paid	**6**	-	(5,568)
Interest paid		(6,696)	(3,783)
Net cash (outflow)/inflow from financing activities		**(36,905)**	**2,551**
Net increase/(decrease) in cash and cash equivalents		**6,026**	**(7,481)**
Cash and cash equivalents at beginning of year		8,909	16,390
Cash and cash equivalents at end of year		**14,935**	**8,909**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR TO 31 MAY 2024

1. Organisation and trading activities

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

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 UK adopted international accounting standards. The Group has adopted all the standards and amendments to existing standards that are mandatory for accounting periods beginning on 1 June 2023.

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

The following standards have been issued but have not been applied by the Group in these financial statements. These amendments to standards and interpretations had no significant impact on the financial statements:

- IFRS 17 Insurance Contracts (including amendments to IFRS 17)
- Amendments to IAS 1 and IFRS PS2 'Disclosure of accounting policies'
- Amendments to IAS 1 'Classification of liabilities as current or non-current'
- Amendments to IAS 8 'Definition of Accounting Estimates'
- Amendments to IAS 12 'Deferred tax related to assets and liabilities arising from a single transaction'
- Amendments to IAS 12 'International tax reform'

The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 June 2023 and have not been early adopted:

- Amendments to IAS 1 'Classification of liabilities as current or non-current'
- Amendments to IAS 1 'Classification of Liabilities as Current or Non-current - Deferral of Effective Date'
- Amendments to IAS 1 'Non-current Liabilities with Covenants'
- Amendments to IFRS 16 'Lease liability in a sale and leaseback
- Amendments to IAS 7 and IFRS 7 'Supplier Finance Arrangements'
- Amendments to IAS 21 'Lack of Exchangeability'

The new standards and amendments to the standards noted above are expected to have no significant impact on the financial statements.

2.2 Basis of consolidation

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

All financial statements are made up to 31 May 2024. 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

In determining the appropriate basis of preparation of the Financial Statements, the Directors are required to consider whether the Group can continue to meet its liabilities and other obligations for the foreseeable future.

The Group's business activities, together with factors that the Directors consider are likely to affect its development, financial performance and financial position, are set out in the Strategic Report on pages 4 to 36 of the Company's annual report for the year ended 31 May 2024 (the "2024 Annual Report").

The material financial and operational risks and uncertainties that may affect the Group's performance and their mitigation are outlined on pages 14 to 16 of the 2024 Annual Report, and financial risks including liquidity, market, interest and capital risks are outlined in Note 29 to the Financial Statements in the 2024 Annual Report.

Bank debt at 31 May 2024 was significantly reduced to £39.9m (31 May 2023: £61.8m), reflecting the Group's sustained focus on reducing the debt position and was ahead of the target of £55m set at this time last year.

A 12-month term loan of £18.0m that had a repayment date in September 2024 was repaid in full in May 2024.

The revolving credit facility of £87.5m that was initially due to expire in January 2025 has been extended for a further 12 months to January 2026 and a £7.5m overdraft facility has also been put in place for 12 months until September 2025 to provide working capital facilities.

In order to support the going concern period to 30 September 2025, the Board-approved budget to May 2025, with a further year added to May 2026, forms the basis of the detail and assessment to confirm the appropriateness of the going concern basis being adopted for the preparation of the 31 May 24 statutory accounts.

In addition to the Board budget two sensitivity scenarios have been prepared reducing private home plots by c10% and c15% in the year to May 2025 from the original Board-approved budget. Under the 15% reduction scenario, the peak borrowing utilises 81% of the banking facilities. Under this scenario there are a number of mitigating actions that are within the control of the Group and could be pursued if required, which are not currently forecasted and would increase the headroom in the banking facilities.

Under all three scenarios the Group is able to operate within its bank facilities and covenants and at May 2025, the bank facility utilisation based on the Board-approved budget is forecast to be around 40%.

We continue to retain the discipline around controlling build spend on sites and continue to adopt a cautious approach to new site openings. The profitable land sales in the year demonstrate the ability to generate cash quickly - there remains strong interest in our land bank should we wish to make further sales.

Accordingly, the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The Directors are confident that the Group has adequate resources to continue in operational existence for the foreseeable future and are satisfied that the Group will generate sufficient cash to meet its liabilities as and when they fall due for a period of 12 months from the signing of the annual report and financial statements for the year ended 31 May 2024.

2.5. Revenue and profit recognition

Sale of private homes

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

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

Revenue on contracts recognised over time

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

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

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

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

Land sales

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

Plant hire revenue

Plant hire revenue represents amounts receivable for the short-term hire of plant and equipment. Revenue is recognised when the hire period commences and the customer benefits from the use of the plant and equipment and is recognised evenly throughout the hire period.

2.6. Net finance costs

Finance costs comprise interest payable on bank loans and the unwinding of the discount from nominal to present day value of provisions, deferred consideration and lease liabilities. Finance costs are capitalised when they are directly attributable to the acquisition, contribution or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Finance income comprises the unwinding of the discount from nominal to present day value of shared equity. Interest income and interest payable is recognised in the income statement on an accruals basis.

2.7. Taxation

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

Current tax

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

Deferred tax

Deferred tax assets and liabilities are recognised on temporary differences arising between thetax bases of assets and liabilities and their carrying amounts in the financial statements. The following temporary differences are not provided for: goodwill, the initial recognition of assets and liabilities that affects neither the tax profit nor the accounting profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled.

A deferred tax asset is recognised for unused tax losses and unused tax credits only if it isprobable that future taxable amounts will arise against which those temporary differences and losses may be utilised.

2.8. Exceptional items

Exceptional items are those material items which, by virtue of their size or incidence, are presented separately in the profit and loss account to enable a full understanding of the Group's financial performance.
Transactions that may give rise to exceptional items include transactions relating to acquisitions and costs relating to changes in share capital structure as well as redundancy and restructuring costs.

2.9. Property, plant and equipment

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

Buildings	- 2% and 5% straight line
Plant and machinery	- 2-10 years straight line
Fixtures, fittings & equipment	- 2-5 years straight line
Motor vehicles	- 4-5 years straight line

Right-of-use leased assets - over the lease term, straight line with no residual value
Land is not depreciated

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

2.10. Intangible fixed assets

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

Market related assets

Trademark assets in relation to Springfield Properties PLC are expected to have an indefinite useful life; however, impairment reviews are performed annually. Any impairment losses or reversals of impairment losses are recognised immediately in the profit and loss account.

The brand asset in relation to Tulloch Homes has a 15 year useful life and amortisation is charged on a straight line basis.

Goodwill on acquisition

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

Impairment reviews are performed annually with any impairment losses being recognised immediately in 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 are recognised immediately in the profit and loss account. Costs associated with the acquisition of subsidiaries are recognised in the profit and loss account as an exceptional item.

2.12. 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. Inventories and work in progress

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

Cost comprises the invoiced value of the goods purchased and includes attributable direct costs, labour and overheads and where possible and directly attributable to a site finance costs will be included.

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices

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

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

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

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

2.14. Financial instruments

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

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

Financial assets at amortised cost

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

Financial assets at amortised cost

Financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets are recognised initially at cost. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method, less any impairment losses.

Loans outside the Group are valued at the recoverable amount and a market rate of interest is charged.

Impairment of financial assets

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

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

Derecognition of financial assets

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

Financial liabilities

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

Other financial liabilities

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

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

Derecognition of other financial liabilities

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

2.15. Deferred consideration

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

2.16. 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. Dividends

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

2.18. Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for leases of low value assets (less than £5,000) and leases with a duration of 12 months or less.

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

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received. Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease. Right-of-use assets comprise the Group's existing premises in Elgin, Larbert, Inverness and Glasgow along with certain items of office equipment and motor vehicles.

2.19. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of a Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received net of share 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 share issue costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits. Any bonus issues are also deducted from share premium. Retained earnings include all current and prior period results as disclosed in the profit and loss account.

2.20. Share-based payments

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

2.21. Provisions

Provisions include dilapidations to cover the Group's leased properties with an upfront liability recognised. Maintenance provisions relate to the costs to come on developments where the final homes have been handed over.

3. Segmental reporting

The Group has only one reportable operating segment, being housebuilding within the UK, under the control of the Board. The Board has been identified as the Chief Operating Decision Maker as defined under IFRS 8 Operating Segments. The Board regularly reviews the Group's profit and loss account and balance sheet position at both a divisional and consolidated level. Each of these divisions is an operating segment as defined by IFRS 8 in that the Directors assess performance and allocate resources at this level. The divisions have been aggregated into one reporting segment on the basis that they share similar economic characteristics. In addition, each division builds and delivers residential homes, uses consistent methods of construction, sells homes to both private customers and housing associations, have a comparable sales process and operations, and are all subject to the same macroeconomic factors including mortgage availability and Government policy. As the Group operates solely in the United Kingdom segment reporting by geographical region is not required.

	2024	2023
Revenue	**£000**	**£000**
Private residential housing	184,734	253,362
Affordable housing	46,975	53,931
Contract housing	4,995	19,681
Land sale	28,055	3,676
Other	1,768	1,482
Total revenue	**266,527**	**332,132**

Gross profit	**43,372**	**47,955**
Administrative expenses	(26,485)	(27,955)
Exceptional items	(898)	(720)
Other operating income	1,021	688
Finance income	159	133
Finance expenses	(7,501)	(4,812)
Profit before tax	**9,668**	**15,289**
Taxation	(2,120)	(3,216)
Profit for the period	**7,548**	**12,073**

4. Taxation

	2024	2023
	£000	**£000**
Current tax		

Current tax		
UK corporation tax on profits for the current period	2,824	3,069
Adjustments in respect of prior periods	(43)	(92)
	2,781	**2,977**
Deferred tax		
Origination and reversal of timing differences	(660)	239
Adjustments in respect of prior periods	(1)	-
	(661)	239
	2,120	**3,216**

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

	2024	**2023**
	£000	**£000**
Profit before tax	9,668	15,289
Tax at the UK corporation tax rate of 25% (2023: 20%)	2,417	3,058
Effects of:		
Tax effect of expenses that are not deductible in determining taxable profit	55	257
Adjustments in respect of prior years	(43)	(92)
Depreciation on assets not qualifying for tax allowances	(42)	(40)
Land remediation relief	-	(1)
Income not taxable	-	11
Deferred tax adjustments in respect of prior years	(1)	-
Temporary difference not recognised	34	291
Other timing differences	(27)	(3)
Adjust deferred tax to closing average rate	(273)	(265)
Tax charge for period	**2,120**	**3,216**

5. Exceptional items

	2024	**2023**
	£000	**£000**
Redundancy costs	898	349
Acquisition and other transaction - related costs (1)	-	371
	898	**720**

(1) 2023 - Acquisition and other transactions - related costs for the acquisition of the housebuilding business of Mactaggart & Mickel Group Ltd.

6. Dividends

For the year to 31 May 2024, a final dividend of 1p per share is proposed to be paid. No interim dividend was paid during the year.

In respect of the prior year, there was no interim or final dividend paid to shareholders.

On 16 December 2022, a final dividend for the year ended 31 May 2022 was paid to shareholders, amounting to £5,568,061 which equated to 4.7p per share.

7. Earnings per share

The basic earnings per share is based on the profit for the year divided by the weighted average number of shares in issue during the year. The weighted average number of ordinary shares for the year ended 31 May 2024 assumes that all shares have been included in the computation based on the weighted average number of days since issue.

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

	2024	**2023**
	£000	**£000**
Profit for the year attributable to owners of the Company	7,548	12,073
Adjusted for the impact of tax adjusted exceptional costs in the year	811	652
Adjusted earnings	8,359	12,725
Weighted average number of ordinary shares for the purpose of basic earnings per share	118,572,439	118,478,254
Effect of dilutive potential shares: share options	4,830,426	3,507,257
Weighted average number of ordinary shares for the purpose of diluted earnings per share	123,402,865	121,985,511
Earnings per ordinary share		
Basic earnings on profit for the year	6.36p	10.19p
Diluted earnings on profit for the year	6.12p	9.90p
Adjusted earnings per ordinary share (1)		

Basic earnings on profit for the year	7.05p	10.74p
Diluted earnings on profit for the year	6.77p	10.43p

(1) Adjusted earnings is presented as an additional performance measure and is stated before exceptional items and is used in adjusted EPS calculation.

8. Acquisition of subsidiary company

During the year, the Group purchased 100% of the share capital of SP SUB 2024 Limited. This company has yet to trade.

9. Bank borrowings

	2024	2023
Secured borrowings:	**£000**	**£000**
Bank loans	54,839	70,673
Less: payable within one year	(54,839)	-
Payable after one year	**-**	**70,673**

The bank loan comprises of a revolving credit facility of £87.5m that was initially due to expire in January 2025. This has been extended for a further 12 months to January 2026. The facility attracts an interest rate of 2.75% per annum above Bank of England SONIA (Sterling overnight index average response rate) and is secured over certain of the Company's properties, with a 31 May 2024 work in progress value of £36.6m.

A term loan of £18.0m that had a repayment date in September 2024 was repaid in full in May 2024.

At 31 May 2024, the Group had available £32.5m (2023: £16.5m) of undrawn committed borrowing facilities.

The Group's lender has a floating charge over the assets of the Company and of its subsidiaries.

10. Deferred consideration

As part of the purchase agreement of Tulloch Homes Holdings Limited, there was a further £13,000,000 of deferred consideration payable. This can be broken down into: (i) £362,330 paid on 24 April 2022 (ii) £6,137,670 paid in November 2022 and (iii) £6,500,000 paid in August 2023. The outstanding discounted amount payable at the period end is £nil (2023: £6,493,552).

As part of acquiring the housebuilding business of Mactaggart & Mickel Group Limited, there was a further £30,781,108 of deferred consideration payable. This is payable quarterly in arrears as homes are sold starting from August 2023. There is a minimum annual payment of £7,695,277. The outstanding discounted amount payable at the period end was £24,462,203 (2023: £29,623,127).

	2024	2023
	£000	**£000**
Acquisition of Tulloch Homes Holdings Limited	-	6,494
Acquisition of the housebuilding business of Mactaggart & Mickel Group Limited	24,462	29,623
	24,462	**36,117**

	2024	2023
	£000	**£000**
Deferred consideration < 1 year	7,339	11,785
Deferred consideration > 1 year	17,123	24,332
	24,462	**36,117**

11. Contingent consideration

As part of the purchase agreement of Dawn Homes Holdings Limited there was a further £2,500,000 payable for an area of land if (i) the Group make a planning application when it reasonably believes the council will recommend approval; or (ii) it is zoned by the council. The Directors have assessed the likelihood of the land being zoned and have included a liability of £2,000,000 based on 80% probability. The outstanding amount payable at the period end included within liabilities is £2,000,000 (2023: £2,000,000). The remaining £500,000 (20% on the £2,500,000 still to be paid) has been treated as a contingent liability due to the uncertainty over the future payment.

	2024	2023
	£000	**£000**
Acquisition of Dawn Homes Holdings Limited	2,000	2,000
	2,000	**2,000**

12. Provisions

Dilapidation provisions are included for all rented buildings within the Group. Maintenance provisions relate to costs to come on developments where the final homes have been handed over.

	2024	2023
	£000	**£000**
Dilapidation provision	113	169
Provisions for onerous contracts	-	353
Maintenance provision	6,162	4,072
	6,275	**4,594**

	2024	2023
	£000	**£000**
Provisions < 1 year	2,018	1,710

Provisions > 1 year	4,257	2,884
	6,275	**4,594**

13. Share capital

The Company has one class of ordinary share which carry full voting rights but no right to fixed income or repayment of capital. The share capital account records the nominal value of shares issued. The share premium account records the amount above the nominal value received for shares sold, less share issue costs.

Ordinary shares of 0.125p - allotted, called up and fully paid	Number of shares	Share capital £000	Share premium £000
At 1 June 2023	118,496,001	148	78,744
Share issue	173,123	-	-
At 31 May 2024	**118,669,124**	**148**	**78,744**

During the year, 173,123 shares (2023: 26,602) were issued in satisfaction of share options exercised for a consideration of £26 (2023: £33).

Share-based payments

During the year the Group operated four share-based schemes.

Share-related share options scheme

The Group operates a Savings related Share Option Scheme which is open to all employees. Grant options were made in May 2021 and become exercisable after 3 years, subject to employees remaining in continuous employment. Employees enter into a savings contract with the Yorkshire Building Society who administers the scheme. The options are granted at a 10% discount of the share price at the date of grant and lapse if not exercised within six months of maturity. Special provisions apply to employees who leave their employment for ill health, redundancy or retirement.

Long-Term Incentive Plan (LTIP)

The Company operates a LTIP for senior management to retain and align their interests with shareholders. The LTIP is split into a CSOP, ESOP and Performance Share Plan ("PSP") scheme. The PSP was introduced during the prior year and under which key executives could be granted conditional "whole share" awards (i.e. rights to acquire shares where the individual is required to pay a zero or negligible exercise price) the vesting of which is normally conditional on both continued employment and the satisfaction of specified performance measures.

Fair value of share options

Options are valued using the Black-Scholes option-pricing model. No performance conditions are included in the fair value calculation.

CSOP

	2024		2023	
	Number of shares	Weighted average exercise price (pence)	Number of shares	Weighted average exercise price (pence)
Options at the beginning of the year	606,413	115.28	627,558	115.33
Lapsed during the year	(22,775)	131.72	(21,145)	116.71
Options at the year end	583,638	114.64	606,413	115.28

Share option	Grant Price (p)	Number of shares at year end	Exercise price (p)	Vesting period (years)
CSOP - 16th October 2017	106.00	307,821	106.00	3
CSOP - 8th December 2017	111.00	27,027	111.00	3
CSOP - 3rd May 2018	134.00	22,388	134.00	3
CSOP - 16th May 2018	134.00	91,746	134.00	3
CSOP - 1st October 2018	122.50	98,165	122.50	3
CSOP - 4th June 2019	108.50	36,491	108.50	3

ESOP	2024		2023	
	Number of shares	Weighted average exercise price (pence)	Number of shares	Weighted average exercise price (pence)
Options at the start of the year	1,727,589	118.80	1,746,570	118.84
Lapsed during the year	(44,108)	122.14	(18,981)	122.50
Options at the year end	1,683,481	118.71	1,727,589	118.80

Share option	Grant Price (p)	Number of shares at year end	Exercise price (p)	Vesting period (years)
ESOP - 16th October 2017	106.00	445,432	106.00	3
ESOP - 3rd May 2018	134.00	72,761	134.00	3
ESOP - 16th May 2018	134.00	11,157	134.00	3

ESOP - 16th May 2018	[illegible]	[illegible]	[illegible]	[illegible]
ESOP - 1st October 2018	122.50	1,154,131	122.50	3

SAYE	2024 Number of shares	2024 Weighted average exercise price (pence)	2023 Number of shares	2023 Weighted average exercise price (pence)
Options at the start of the year	1,084,972	130.50	1,837,747	130.50
Lapsed during the year	(660,187)	130.50	(752,775)	130.50
Options at the year end	424,785	130.50	1,084,972	130.50

Share option	Grant Price (p)	Number of shares at year end	Exercise price (p)	Vesting period (years)
SAYE - 29th April 2021	145.00	424,785	130.50	3

PSP	2024 Number of shares	2024 Weighted average exercise price (pence)	2023 Number of shares	2023 Weighted average exercise price (pence)
Options at start of the year	2,853,274	0.13	2,368,181	0.13
Granted during the year	2,161,933	0.13	776,800	0.13
Lapsed during the year	(456,085)	0.13	(265,105)	0.13
Exercised during the year	(173,123)	0.13	(26,602)	0.13
Options at the year end	4,385,999	0.13	2,853,274	0.13

Share option	Grant Price (p)	Number of shares at year end	Exercise price (p)	Vesting Period (years)
PSP - 9th January 2020	0.13	24,132	0.13	3
PSP - 30th October 2020	0.13	159,678	0.13	3
PSP - 21st December 2021	0.13	1,263,456	0.13	3
PSP - 28th March 2023	0.13	776,800	0.13	3
PSP - 30th October 2023	0.13	2,161,933	0.13	3

Inputs used to determine fair value of options

	CSOP	ESOP	SAYE	PSP
Expected volatility	29.00%	29.00%	29.00%	17.83%
Risk free interest rate	0.49%	0.49%	0.49%	-1.91%
Expected dividends	-	-	-	2.50%
Fair value of options	34.00p	39.00p	37.00p	49.04p
Charge per option	32.00p	37.00p	35.00p	49.04p

Expected volatility was calculated using historical share price information of the house-building sector for the CSOP and ESOP and the 12-month average Springfield share price prior to the grant of the PSP options.

CSOP - nil (2023: nil) of options were exercised during the year and 547,147 (2023: 606,413) shares were exercisable.

ESOP - nil (2023: nil) of options were exercised during the year and 1,683,481 (2023: 1,727,589) shares were exercisable.

SAYE - nil (2023: nil) of options were exercised during the year and 424,785 (2023: nil) shares were exercisable.

PSP - 173,123 (2023: 26,602) of options were exercised during the year and 183,810 (2023: 56,929) shares were exercisable.

Charge for share-based incentive schemes

The total charge for the year relating to employee share-based plans were £26k (2023: £601k), all of which related to equity-settled share-based payment transactions.

14. Transactions with related parties

Other related parties include transactions with retirement schemes in which Directors and close family members of key management personnel are beneficiaries. During the year, dividends totalling £nil (2023: £1,854k) were paid to key management personnel (Board of Directors and the members of the Operational Board). Dividends were paid to Board of Directors as follows:

Name of Director	2024 £000	2023 £000
Mr Sandy Adam	-	1,776
Mr Innes Smith	-	43
Ms Michelle Motion	-	5
Mr Matthew Benson	-	1
Mr Roger Eddie	-	2

Mr Colin Rae	-	1
Mr Nick Cooper	-	1
	-	**1,829**

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

	2024	**2023**
	£000	**£000**
Short-term employee benefits	2,542	2,696
Share-based payments	248	555
Post-employment benefits	9	208
	2,799	**3,459**

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

	Sale of goods		**Purchase of goods**	
	2024	**2023**	**2024**	**2023**
	£000	**£000**	**£000**	**£000**
Bertha Park Limited (1)	4,906	13,751	319	-
Other entities that key management personnel have control, significant influence or hold a material interest in	41	76	20	325
Key management personnel	46	244	-	-
Other related parties	156	1	2,016	1,616
	5,149	**14,072**	**2,355**	**1,941**

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

	Rent paid	
	2024	**2023**
	£000	**£000**
Entities that key management personnel have control, significant influence or hold a material interest in	80	162
Key management personnel	-	3
Other related parties	64	100
	144	**265**

	2024	**2023**
	£000	**£000**
Interest received:		
Entities that key management personnel have control, significant influence or hold a material interest in (short-term)	125	125
	125	**125**

The following amounts were outstanding at the reporting end date:

	2024	**2023**
	£000	**£000**
Amounts receivable:		
Bertha Park Limited (1)	7,259	8,524
Other entities that key management personnel have control, significant influence or hold a material interest in (short-term)	-	5
Key management personnel	1	-
Other related parties	36	-
	7,296	**8,529**

	2024	**2023**
	£000	**£000**
Accounts payable:		
Entities which key management personnel have control, significant influence or hold a material interest in (short-term)	-	62
Other related parties	2,343	678
	2,343	**740**

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

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

(1) Bertha Park Limited is a Company in which Sandy Adam and Innes Smith are Directors. During the year the Group made sales to Bertha Park Limited of £4,906k (2023: £13,751k) in relation to a build contract. At the year-end £2,259k (2023: £3,399k) is included in trade debtors and included within other debtors is a loan of £5,000k (2022: £5,125k). During the year the Group had purchases from Bertha Park Limited of £319 (2023: £nil) in relation to a build contract.

15. Analysis of net debt

The Analysis of net debt is as follows:

	2024 £000	2023 £000
Cash in hand and bank	14,935	8,909
Bank borrowings	(54,839)	(70,673)
	(39,904)	(61,764)
Lease liability	(5,538)	(5,900)
Net debt	**(45,442)**	**(67,664)**
Deferred consideration	(24,462)	(36,117)
	(69,904)	**(103,781)**

Reconciliation of net cashflow to movement in net debt is as follows:

	At 1 June 2023 £000	New leases £000	Cashflow £000	Fair value £000	At 31 May 2024 £000
Cash and cash equivalents	8,909	-	6,026	-	14,935
Bank borrowings	(70,673)	-	15,834	-	(54,839)
Lease	(5,900)	(1,593)	2,234	(279)	(5,538)
Net debt	**(67,664)**	**(1,593)**	**24,094**	**(279)**	**(45,442)**
Deferred consideration	(36,117)	-	12,141	(486)	(24,462)
	(103,781)	**(1,593)**	**36,235**	**(765)**	**(69,904)**

	At 1 June 2022 £000	New leases £000	On acquisition £000	Cashflow £000	Fair value £000	At 31 May 2023 £000
Cash and cash equivalents	16,390	-	-	(7,481)	-	8,909
Bank borrowings	(50,486)	-	-	(20,187)	-	(70,673)
Lease	(3,954)	(3,694)	-	2,147	(399)	(5,900)
Net (debt)/cash	**(38,050)**	**(3,694)**	**-**	**(25,521)**	**(399)**	**(67,664)**
Deferred consideration	(12,574)	-	(30,781)	6,137	1,101	(36,117)
	(50,624)	**(3,694)**	**(30,781)**	**(19,384)**	**702**	**(103,781)**

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