West Craigs Limited

Annual report and financial statements

2022

Registered number: SC226585

Member of Lloyds Banking Group

Strategic report

For the year ended 31 December 2022

The directors present their Strategic report and the audited financial statements of West Craigs Limited (the "Company") for the year ended 31 December 2022.

Principal activities and future developments

The Company's principal activity is the ownership and development of land and no change is expected in that activity.

Business review

The directors consider that the Company's activities will continue unchanged in the foreseeable future.

During the year the Company incurred costs of £9,210,689 (2021: £14,684,997) on the further development of the land in preparation for sale, these costs were in relation to approving matters in the planning consent for the main site, progressing the site enabling and infrastructure provision for the main site and progressing planning for West Craigs North. There were two sales made during the year generating a gross profit of £28,987,396 (2021: £10,580,422).

In March 2022, the Company brought its accounting services in-house and withdrew its principal asset from an asset management agreement which has resulted in a fee payable of £5,850,000.

The Company's profit before tax for the financial year was £19,618,368 (2021: £9,800,810). This was largely generated through revenue from property sales of £42,554,261 (2021: £17,984,247). This was net off by cost of sales of £13,566,866 (2021: £7,403,825) and other fees of £10,365,000 (2021: £15,000).

The Balance Sheet shows a Net asset position of £37,321,514 (2021: £21,767,628).

The Company's actions are governed by the Codes of Business Responsibility of the ultimate parent undertaking, Lloyds Banking Group plc, which set out clear guidelines for responsible behaviour across the business, including human rights, social, ethical and environmental responsibilities. These guidelines can be viewed in the consolidated annual report and financial statements of Lloyds Banking Group plc.

Future outlook

The sales for the main site are reaching a conclusion. Going forward, the North and South sites will be developed with further investment in infrastructure costs at the Company's land site and additional income from land sales.

Section 172(1) statement

In accordance with the Companies Act 2006 ("the Act"), for the year ended 31 December 2022, the directors provide the following statement describing how they have had regard to the matters set out in section 172(1) of the Act, when preforming their duty to promote the success of the Company under section 172. The Directors remain mindful in all their deliberations of the long-term consequences of their decisions, as well as the importance of maintaining a reputation for high standards of business conduct and taking account of the views of key stakeholders. Further details on key actions in this regard are also contained within the Directors' Report on page 4.

Section 172(1) statement and statement of engagement with stakeholders

In accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended by the Companies (Miscellaneous Reporting) Regulations 2018), the following statement also provides details of how the Directors have engaged with and had regard to the interests of key stakeholders. The Company is a subsidiary of Lloyds Banking Group plc ('LBG'), and as such follows many of the processes and practices of LBG, which are further referred to in this statement where relevant.

The Directors' acknowledge that one of the primary responsibilities of the Board is to ensure the strategy of the Company, as aligned to that of LBG, achieves long-term success and generates sustainable returns, central to which is ensuring engagement with stakeholders, and considering in all instances the long-term implications of decisions made, acting at all times to maintain the highest possible standards of conduct. This approach has during the course of the year been central to the activities of the Directors, as discussed below.

<u>Shareholders</u>

The Company is a wholly owned subsidiary of LBG, forming part of LBG's Equity division. As a wholly owned subsidiary, the Directors ensure that the strategy, priorities, processes and practices of the Company are fully aligned where required to those of LBG, ensuring that the interests of LBG as the Company's sole shareholder are duly acknowledged. Further information in respect of the relationship of LBG with its shareholders is included within the Strategic Report within the LBG Annual Report and financial statements for 2022, available on the LBG website.

Section 172(1) statement and statement of engagement with stakeholders (continued)

Communities and the environment

The Directors acknowledge that the Company, as part of one of the largest retail and commercial financial services providers in the UK, has responsibilities to invest in the communities in which it operates, to help them prosper economically and build social cohesion by tackling disadvantage. The Company participates in all related LBG initiatives, with the Directors' ensuring the Company plays an appropriate role in LBG’s related Helping Britain Prosper Plan. Further information in respect of the LBG approach to engaging with and contributing to the communities in which it operates is included within the Strategic Report within the LBG Annual Report and financial statements for 2022. Additional information on LBG’s Helping Britain Prosper Plan is available on the LBG website.

The Responsible Business Committee of the LBG Board is responsible for overseeing LBG’s performance, including that of the Company, as a Responsible Business, by providing oversight of and support for LBG’s strategy and plans for embedding responsible business as part of both LBG’s and the Company’s purpose to Help Britain Prosper. Priorities during the year have included ongoing focus on three key areas aligned to LBG’s Bank of the Future strategy. These included consideration of the progress of the Lloyds Bank Academy and the external initiative ‘future. Now’, both designed to boost digital skills in the UK. Progress against agreed sustainability strategy was also considered, where consistent progress was made in achieving targets. Consideration was also given to the relationship between LBG and its charitable foundations, in particular the work they do in the communities in which LBG and the Company operate. Further information in respect of LBG’s and the Company’s Responsible Business activities is included in the LBG Annual Report and financial statements for 2022, available on the LBG website, along with further discussion of the work of LBG’s Responsible Business Committee.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are managed within the framework established for the Group and are not managed separately for the Company. Further details of the Company’s and Group's risk management policy are contained in note 19 to the financial statements.

Other significant uncertainties are discussed in detail below.

Long term impact of the United Kingdom's exit from the European Union

Uncertainties in respect of the medium to long-term implications of the United Kingdom's ("UK") exit from the European Union ("EU") on trade, regulation and employment continue to present risks. This includes impacts on supply chains, affordability of goods and services and UK demographics and prosperity. The Directors believe that there will continue to be limited impact on the Company.

Covid-19

The global pandemic created from the outbreak of Covid-19 continues to cause widespread disruption to global markets and normal patterns of business activity across the world, including in the UK. Measures taken to contain the health impacts of the Covid-19 pandemic are resulting in adverse impacts on economic activity across the world, and the duration for which such measures will remain in place is uncertain. The impact on the economy remains highly uncertain in both its depth and length, and may go beyond current forecasts of scale of loss of output and recession in the UK and globally. The Directors believe that there will continue to be limited impact on the Company.

Russian invasion of Ukraine

The Russian invasion of Ukraine, beginning in February 2022, has increased tensions between members of the North Atlantic Treaty Organisation (NATO) and Russia and caused sanctions to be imposed. This has had significant adverse economic effects on financial markets and on energy costs, and may also result in increased cyber attacks and an increase in costs associated with such cyber attacks, all of which could have a materially adverse effect on the Group’s results of operations, financial condition or prospects. The Group will monitor the situation and risks to the business. The Directors believe that there will continue to be limited impact on the Company.

Strategic report (continued)

For the year ended 31 December 2022

Key performance indicators ("KPIs")

The directors monitor the performance of the Company by reference to KPIs as listed below:

KPI	***Movement***	***Analysis***
Sales Receivables	Increased by £26,774,956 (2022: 39,497,325 / 2021: £12,722,369)	*Gross property sales in the year amounted to £50,395,109. Due to cash receivable from property sales being split into several instalments over a number of years, discounting has been applied to the receivables balance.* *£36,440,157 was initially recognised offset by £16,602,370 of payment instalments received during the year. The discount unwind in the year was £2,879,979 plus the receivable is also increased as infrastructure costs required to meet the sales obligations were met of £4,057,190.*
Inventories	Reduced by £4,155,576 (2022: £12,924,814 / 2021: £17,080,390)	*The Company incurred costs of £9,411,290 on the further development of the land in preparation for sale, offset by transfer of £13,566,866 to the Statement of comprehensive income following sales recognised in the year.*
Borrowed funds	Increased by £5,919,490 (2022: £13,427,805 / 2021: £7,508,315)	*Movement is due to additional funding received from Lloyds Banking Group Equity Investments Limited of £6,648,306 plus accrued interest of £859,919.*

Approved by the board of directors and signed on its behalf by:

M. Daly

M S J Daly
Director
4th July 2023

Directors' report

For the year ended 31 December 2022

The Directors present their report for the year ended 31 December 2022.

General information

The Company is a private limited company, limited by shares, incorporated in United Kingdom, registered and domiciled in Scotland (registered number: SC226585).

The Company's principal activity is the ownership and development of land and no change is expected in that activity.

The Company is funded entirely by other companies within the Lloyds Banking Group (the "Group").

Dividends

No dividends were paid or proposed during the year ended 31 December 2022 (2021: £nil).

Going concern

The financial statements have been prepared on a going concern basis. There is a net asset position of £37,321,514 as at 31 December 2022 (2021: £21,767,628).

The directors are satisfied that it is the intention of Lloyds Banking Group plc that its subsidiaries, including the Company, will continue to have access to adequate liquidity and capital resources for the foreseeable future being at least 12 months from the date of approval of the financial statements, and, accordingly the financial statements have been prepared on a going concern basis.

Streamlined energy and carbon reporting disclosure

The Company is out of scope of the Streamlined Energy and Carbon Reporting ("SECR"), as it does not have to report on SECR in its own Director's report where included in the Group's SECR statement of a UK Group report. Further information in respect of SECR is included within Lloyds Banking Group plc Annual Report and Accounts for 2022, which does not form part of this report, available on the Lloyds Banking Group plc website.

Post balance sheet events

There have been additional property sales in March 2023 and April 2023.

The Company repaid its loan with LBG Equity Investments Limited in full in May 2023, 19 months earlier than the repayment date.

Registered office

The Company's registered office is The Mound, Edinburgh, United Kingdom, EH1 1YZ.

Directors

The current directors of the Company are listed below.

N S Burnett
M S J Daly

There have been no changes to directors between the beginning of the reporting period and the approval of the Annual report and financial statements.

Information included in the Strategic report

The disclosures for Principal risks and uncertainties, Key performance indicators, Future outlook and Section 172(1) related matters that would otherwise be required to be disclosed in the Directors' report can be found in the Strategic report on pages 1, 2 and 3.

Directors' indemnities

Lloyds Banking Group plc has granted to the directors of the Company a deed of indemnity through deed poll which constituted 'qualifying third party indemnity provisions' for the purposes of the Companies Act 2006. The deed was in force during the whole of the financial year and at the date of approval of the financial statements or from the date of appointment in respect of directors who join the board of the Company during the financial year. Directors no longer in office but who served on the board of the Company at any time in the financial year have the benefit of this contract of indemnity during that period of service. The indemnity remains in force for the duration of the directors' periods of office. The deed indemnifies the directors to the maximum extent permitted by law. Deeds for existing directors are available for inspection at the registered office of Lloyds Banking Group plc. In addition, the Group has in place appropriate directors and officers liability insurance cover which was in place throughout the financial year.

Statement of directors' responsibilities

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 prepared the Company's financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. 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 the financial statements, the directors are required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements of the financial reporting framework are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Independent auditors

Deloitte LLP are deemed to be re-appointed as auditor under section 487(2) of the Companies Act 2006.

Approved by the board of directors and signed on its behalf by:

M. Daly

M S J Daly
Director
4th July 2023

Statement of comprehensive income

For the year ended 31 December 2022

	Note	2022 £	2021 £
Revenue	3	**42,554,261**	17,984,247
Cost of sales	13	**(13,566,866)**	(7,403,825)
Gross profit		**28,987,395**	10,580,422
Other income		**-**	392
Operating Expenses	6	**(216,509)**	(148,832)
Other expenses	7	**(10,365,000)**	(15,000)
Operating Profit		**18,405,886**	10,416,982
Finance income	4	**2,879,979**	346,588
Finance Costs	5	**(1,667,497)**	(962,760)
Profit before tax		**19,618,368**	**9,800,810**
Taxation	8	**(4,064,482)**	(1,862,154)
Profit for the year, being total comprehensive income		**15,553,886**	7,938,656

The accompanying notes to the financial statements are an integral part of these financial statements.

All results derive from continuing operations.

Balance sheet

As at 31 December 2022

	Note	**2022**	2021
		£	£
ASSETS			
Cash and cash equivalents	9	**7,605,355**	727,883
Prepayment	10	**224,774**	337,160
Trade and Other Receivables	12	**1,448,253**	948,656
Sales Receivables	11	**39,497,325**	12,722,369
Inventories	13	**12,924,814**	17,080,390
Total assets		**61,700,521**	31,816,458
LIABILITIES			
Borrowed funds	14	**13,427,805**	7,508,315
Trade and other payables	15	**1,058,566**	678,361
Provision for liabilities and charges	16	**3,966,000**	-
Current tax liability	8	**5,926,636**	1,862,154
Total liabilities		**24,379,007**	10,048,830
EQUITY			
Share capital	17	**100**	100
Capital Reserve	18	**13,614,244**	13,614,244
Retained earnings		**23,707,170**	8,153,284
Total equity		**37,321,514**	21,767,628
Total equity and liabilities		**61,700,521**	31,816,458

The accompanying notes to the financial statements are an integral part of these financial statements.

The financial statements were approved by the board of directors and were signed on its behalf by:

M. Daly

M S J Daly
Director
4th July 2023

REGISTERED NUMBER:
SC226585

Statement of changes in equity

For the year ended 31 December 2022

	Share capital £	Capital Reserve £	Retained earnings £	Total equity £
At 1 January 2021	100	9,892,474	214,628	10,107,202
Profit for the year being total comprehensive profit	-	-	7,938,656	7,938,656
Investment from Horizon Capital 2000 Limited	-	3,721,770	-	3,721,770
At 31 December 2021	100	13,614,244	8,153,284	21,767,628
As at 1 January 2022	100	13,614,244	8,153,284	21,767,628
Profit for the year being total comprehensive income	**-**	**-**	**15,553,886**	**15,553,886**
At 31 December 2022	**100**	**13,614,244**	**23,707,170**	**37,321,514**

The accompanying notes to the financial statements are an integral part of these financial statements.

Cash flow statement

For the year ended 31 December 2022

	Note	2022 £	2021 £
Cash flows generated from operating activities			
Profit before tax		**19,618,368**	9,800,810
Adjustments for:			
- Finance income	**4**	**(2,879,979)**	(346,588)
- Net increase in Provisions		**3,966,000**	-
- Finance costs		**1,667,497**	962,760
- Net decrease/(increase) inventories		**4,155,576**	(7,281,172)
- Net decrease/(increase) prepayments		**112,386**	(337,160)
- Net increase trade and other receivables		**(499,597)**	(661,863)
- Net increase Sales receivables		**(26,774,956)**	(12,722,369)
- Net increase in Trade and other payables		**380,205**	565,687
Cash used in operations		**(254,500)**	(10,019,895)
Income tax refund		**-**	20,878
Net cash used in operating activities		**(254,500)**	(9,999,017)
Cash flows generated from investing activities			
Sales receivables interest unwind		**2,879,979**	346,588
Net cash generated from investing activities		**2,879,979**	346,588
Cash flows generated from financing activities			
Capital investment from immediate parent company	**18**	**-**	3,721,770
Increase in Borrowed Funds	**14**	**5,919,490**	**7,508,315**
Loan interest & Charges	**5**	**(1,667,497)**	(962,760)
Net cash generated from financing activities		**4,251,993**	10,267,325
Change in cash and cash equivalents		**6,877,472**	614,896
Cash and cash equivalents at beginning of year	**9**	**727,883**	112,987
Cash and cash equivalents at end of year		**7,605,355**	727,883

The accompanying notes to the financial statements are an integral part of these financial statements.

Notes to the financial statements
For the year ended 31 December 2022

1. Accounting policies

1.1 Basis of preparation

West Craigs Limited (the Company) is a private Company limited by shares incorporated in United Kingdom under the Companies Act 2006 and is registered in Scotland. The registered office can be found in the Directors report and its principal activity is included in the Strategic report.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied in both years presented, unless otherwise stated.

The financial statements of the Company have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements have also been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB").

In the preparation of these financial statements the Balance sheet has been arranged in order of liquidity.

The financial statements are presented in Sterling which is the Company's functional and presentation currency.

No new IFRS pronouncements that had a material impact have been adopted in these financial statements.

Details of those pronouncements which will be relevant to the Company but which were not effective at 31 December 2022 and which have not been applied in preparing these financial statements are given in note 24. No standards have been early adopted.

The financial statements have been prepared under the historical cost convention and on a going concern basis. There is a Net asset position as at 31 December 2022 £37,321,514 (2021: £21,767,628).

The directors are satisfied that it is the intention of Lloyds Banking Group plc that its subsidiaries, including the Company, will continue to have access to adequate liquidity and capital resources for the foreseeable future and, accordingly, the financial statements have been prepared on a going concern basis.

1.2 Income recognition

Property sales revenue is recognised when the contract of the land has passed to the purchaser. Where payment is spread by instalments over number of years, revenue will be discounted at an appropriate rate and the unwind of any discount will be reported as finance income.

1. Accounting policies (continued)

1.3 Impairment of financial assets

Expected credit losses ("ECL") on financial assets held at amortised cost are calculated by using an appropriate probability of default, adjusted to take into account a range of possible future economic scenarios, and applying this to the estimated exposure of the Company at the point of default after taking into account the value of any collateral held or other mitigants of loss and including the impact of discounting using the effective interest rate.

At initial recognition, allowance is made for expected credit losses resulting from default events that are possible within the next 12 months (12-month expected credit losses). In the event of a significant increase in credit risk, allowance is made for expected credit losses resulting from all possible default events over the expected life of the financial instrument (lifetime expected credit losses). Financial assets where 12-month expected credit losses are recognised are considered to be Stage 1; financial assets which are considered to have experienced a significant increase in credit risk are in Stage 2; and financial assets which have defaulted or are otherwise considered to be credit impaired are allocated to Stage 3.

An assessment of whether credit risk has increased significantly since initial recognition considers the change in the risk of default occurring over the remaining expected life of the financial instrument. The assessment is unbiased, probability-weighted and uses forward-looking information consistent with that used in the measurement of expected credit losses. However, unless identified at an earlier stage, the credit risk of financial assets is deemed to have increased significantly when more than 30 days past due. Where the credit risk subsequently improves such that it no longer represents a significant increase in credit risk since origination, the asset is transferred back to Stage 1.

Assets are transferred to Stage 3 when they have defaulted or are otherwise considered to be credit impaired. IFRS 9 contains a rebuttable presumption that default occurs no later than when a payment is 90 days past due.

1.4 Taxation

Tax expense comprises current tax. Current tax is charged or credited in the Statement of Comprehensive Income except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, outside the Statement of Comprehensive Income (either in other comprehensive income, directly in equity, or through a business combination), in which case the tax appears in the same statement as the transaction that gave rise to it.

Current tax is the amount of corporate income taxes expected to be payable or recoverable based on the profit for the period as adjusted for items that are not taxable or not deductible, and is calculated using tax rates and laws that were enacted or substantively enacted at the balance sheet date.

Current tax includes amounts provided in respect of uncertain tax positions when management expects that, upon examination of the uncertainty by His Majesty's Revenue and Customs ("HMRC") or other relevant tax authority, it is more likely than not that an economic outflow will occur. Provisions reflect management's best estimate of the ultimate liability based on their interpretation of tax law, precedent and guidance, informed by external tax advice as necessary. Changes in facts and circumstances underlying these provisions are reassessed at each balance sheet date, and the provisions are re-measured as required to reflect current information.

1.5 Inventory

Land inventories are stated at the lower of cost and net realisable value. The inventories relate to property at West Craigs, Edinburgh. Net realisable value is assessed by considering the expected future selling price which is dependent upon best estimates of price and market expectations, less costs to sell.

The fair market valuations which are provided by an external Valuation Advisor, are reviewed and where appropriate challenged by the Company's external investment manager on the basis of their knowledge and understanding of current prevailing market conditions and transactional activity obtained from a variety of other external sources. Estimation uncertainty is mitigated by appointing the services of an expert property valuer.

1. Accounting policies (continued)

1.5 Inventory (continued)

The best evidence of the fair value of the land is the current price in an active market for similar lease or other contracts. In the absence of such information, the Company determines the amount within a range of reasonable fair value estimates and assumptions based on market conditions existing at each period end.

Open market value is determined by reference to:

• Information provided by the Company such as current rents, terms and conditions of lease agreements, service charges, capital expenditure, etc. This information is derived from the Company's financial and property management processes and is subject to the Company's overall control environment.

•Valuation models used by the valuers – these are typically market related, such as yields and rental value. These are based on their professional judgement and market observation.

The fair market valuations provided by the external Valuation Advisor, are reviewed and where appropriate challenged by the Investment Manager on the basis of their knowledge and understanding of current prevailing market conditions and transactional activity obtained from a variety of other external sources.

1.6 Financial assets and liabilities

Management determines the classification of its financial assets and financial liabilities at initial recognition. Financial assets comprise trade and other receivables and cash and cash equivalents. Financial liabilities comprise trade and other payables and borrowed funds.

On initial recognition, financial assets are classified as measured at amortised cost or fair value through profit or loss, depending on the Company's business model for managing the financial assets and whether the cash flows represent solely payments of principal and interest. The Company assesses its business models at a portfolio level based on its objectives for the relevant portfolio, how the performance of the portfolio is managed and reported, and the frequency of asset sales. Financial assets with embedded derivatives are considered in their entirety when considering their cash flow characteristics. The Company reclassifies financial assets when and only when its business model for managing those assets changes. A reclassification will only take place when the change is significant to the Company's operations and will occur at a property portfolio level and not for individual investments; reclassifications are expected to be rare.

Financial assets are derecognised when the contractual right to receive cash flows from those assets has expired or when the Company has transferred its contractual right to receive the cash flows from the assets and either: substantially all of the risks and rewards of ownership have been transferred; or the Company has neither retained nor transferred substantially all of the risks and rewards, but has transferred control.

Financial instruments measured at amortised cost

Financial assets that are held to collect contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A basic lending arrangement results in contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. Where the contractual cash flows introduce exposure to risks or volatility unrelated to a basic lending arrangement such as changes in equity prices or commodity prices, the payments do not comprise solely principal and interest. Financial assets measured at amortised cost are predominantly prepayments with respect to investment property and trade debtors. Loans and advances are initially recognised when cash is advanced to the borrower at fair value inclusive of transaction costs. Interest income is accounted for using the effective interest method.

Financial liabilities are measured at amortised cost.

Provision of liabilities and charges

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

1. Accounting policies (continued)

1.7 Borrowings

Borrowings are recognised initially at fair value, being their issue proceeds net of transaction costs incurred. These instruments are subsequently stated at amortised cost using the effective interest rate method.

1.8 Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

1.9 Cash and cash equivalents

For the purposes of the Balance sheet and Cash flow statement, Cash and cash equivalents with related undertaking comprise balances with less than three months' maturity.

2. Critical accounting estimates and judgements in applying accounting policies

The preparation of the Company's financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions in applying the accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based upon amounts which differ from those estimates. Estimates, judgements and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the course of preparing these financial statements, critical accounting estimates have been made in relation to the valuation of inventory and the discounting of property sales receivables which also impacts revenue recognition.

3. Revenue

	2022	2021
	£	£
Property sales revenue	**42,554,261**	17,984,247

The amount of revenue recognised is reduced by the cost of infrastructure work outstanding that is required to meet the sales obligations, estimated at £456,451 (2021: £2,950,620). Cash receivable from property sales will be paid in instalments over several years and therefore discounting has been applied to the receivable (see note 11). The revenue recognised above is stated net of estimated infrastructure costs and discount. Gross property sales in the year amounted to £50,395,000 (2021: £25,270,000).

4. Finance income

	2022	2021
	£	£
Interest unwind on Sales receivable	**2,879,979**	346,588

5. Finance Costs

	2022	2021
	£	£
Loan Interest	**1,227,123**	379,792
Under Utilisation Fee	**327,988**	480,127
Arrangement Fee	**112,386**	102,841
	1,667,497	962,760

6. Operating Expense

	2022 £	2021 £
Property Expenses	**97,289**	116,354
Void Operating expenses	**119,220**	32,478
	216,509	148,832

7. Other expenses

	2022 £	2021 £
Valuations Fees	**15,000**	15,000
Other fee paid	**5,850,000**	-
s75 costs	**4,500,000**	-
	10,365,000	15,000

In March 2022, the Company withdrew its principle asset from an asset management agreement, which has resulted in a fee payable of £5,850,000. The Company has provided £4,500,000 for s75 costs required to satisfy requirements on the main site, including building a bridge to the railway lines.

Fees payable to the company's auditors for the audit of the financial statements have been borne by the ultimate parent company and are not recharged to the company.

The Company has no employees (2021: nil).

The Directors, who are considered to be key management, received no remuneration in respect of their services to the Company. The emoluments of the Directors are paid by a fellow group undertaking on behalf of the ultimate parent, Lloyds Banking Group plc, which makes no recharge to the Company. The Directors are also directors of a number of other subsidiaries of the Group and are also substantially engaged in managing their respective business areas within the Group, it is therefore not possible to make an accurate apportionment of Directors' emoluments in respect of their services to each of the subsidiaries. Accordingly, these financial statements include no emoluments in respect of the Directors.

8. Taxation

	2022 £	2021 £
a) Analysis of charge for the year		
UK corporation tax:		
- Current tax on taxable profit for the year	**(4,064,482)**	(1,862,154)
Current tax charge	**(4,064,482)**	(1,862,154)

Corporation tax is calculated at a rate of 19.00% (2021: 19.00%) of the taxable profit for the year.

8 Taxation (continued)

b) Factors affecting the tax (charge)/credit for the year

A reconciliation of the charge that would result from applying the standard UK corporation tax rate to the profit before tax to the actual tax charge for the year is given below:

	2022	2021
	£	£
Profit before tax	**19,618,368**	9,800,810
Tax charge thereon at UK corporation tax rate of 19.00% (2021: 19.00%)	**(3,727,490)**	**(1,862,154)**
Factors affecting charge:		
- Other	**(336,992)**	-
Tax charge on profit	**(4,064,482)**	(1,862,154)
Effective rate	**20.72%**	19.00%

9. Cash and cash equivalents

Cash and cash equivalents for the purposes of the Cash flow statement include the following:

	2022	2021
	£	£
Cash at bank	**7,605,355**	727,883

10. Prepayment

	2022	2021
	£	£
Amounts due from group undertaking	**224,774**	337,160

Prepayment represents an arrangement fee included within borrowed funds to be spread over life of loan facility.

11. Sales Receivables

	2022 £	2021 £
Property sales receivables	**39,497,325**	12,722,369

Due to cash receivable from property sales being split into several instalments over a number of years, discounting has been applied to the receivables balance. The receivable is also reduced by the estimated infrastructure costs required to meet the sales obligations £4,214,700 (2021: £2,950,620). Gross property sales in the year amounted to £50,395,109 of which £16,602,370 was received during the year (2021: sales in the year amounted to £25,270,000 of which £5,816,000 was received during the year). The unwinding of this discount is classified as Finance income (see note 4).

12. Trade and other Receivables

	2022 £	2021 £
Other Receivables	**127,238**	3,224
VAT	**1,321,015**	945,432
	1,448,253	948,656

13. Inventories

	2022 £	2021 £
At 1 January	**17,080,390**	9,799,218
Additions	**9,210,689**	14,684,997
Work In Progress transferred to statement of comprehensive income	**(13,366,265)**	(7,403,825)
	12,924,814	17,080,390

During the year the Company incurred costs of £9,210,689 (2021: £14,684,997) on the further development of the land in preparation for sale, these costs were in relation to approving matters in the planning consent for the main site, progressing the site enabling and infrastructure provision for the main site and progressing planning for West Craigs North.

14. Borrowed funds

	2022 £	2021 £
Amounts due to group undertakings (see note 20)	**13,427,805**	7,508,315

The Company has a loan from LBG Equity Investments Limited. The effective date of the funding was 1 February 2021 and the final repayment date per the agreement is 31 December 2024. The total facility amount is £22,000,000. At 31 December 2022 £13,427,805 was drawn (2021: £7,508,315). This comprises £11,012,791 (2021: £6,648,396) of drawdowns and £2,415,014 (2021: £859,919) of interest and charges. The debt arrangement fee of £440,000 is being amortised over the duration of the facility. Interest is charged on the drawn element at 12% per annum and on the undrawn element at 2.8% per annum.

15. Trade and other payables

	2022 £	2021 £
Trade and other payables	**397,328**	470,826
Accruals	**661,238**	
Deferred income	**-**	207,535
	1,058,566	**678,361**

16. Provision for liabilities and charges

	Total
	£
At 1 January 2021	-
At 31 December 2021	-
Charge for the year	3,966,000
At 31 December 2022	**3,966,000**

Provisions have been made for the costs expected to be incurred in relation to planning obligations on the main site, including building a bridge to provide access to the nearby train / tram station. These conditions were part of the section 75 agreement and have been accrued now that costs can be reasonably estimated.

17. Share capital

	2022	2021
	£	£
Allotted, issued and fully paid		
100 ordinary shares of £1 each	**100**	100

18. Capital Reserve

	2022	2021
	£	£
At 1 January	**13,614,244**	9,892,474
Investment from Horizon Capital 2000 Limited	**-**	3,721,770
Closing balance at 31 December	**13,614,244**	13,614,244

19. Financial Risk Management

This note summarises the risks associated with the activities of the Company and the way in which these are managed.

19.1 Governance framework

The Company's ultimate parent is Lloyds Banking Group plc ("Group"). The Group has established a risk management function and framework for monitoring its policies on financial risks.

The risks related to the Company's activities are regularly evaluated.

The key financial risks relevant to the Company are credit risk, market risk, interest rate risk and liquidity risk.

19.2 Financial risks

The Company is exposed to a range of financial risks through its financial assets and financial liabilities. The most important components of this financial risk are credit, market and financial soundness risk.

Financial assets and financial liabilities are measured on an ongoing basis at amortised cost. Descriptions of how the various classes of financial instruments are measured, as well as how income and expenses are recognised, can be found under note 1.6.

The sensitivity analysis given throughout this note in respect of interest rate risk is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur as changes in an assumption may be correlated. The sensitivity analysis presented also represents, in accordance with the requirements of IFRS 7, management's assessment of the most likely other outcomes in respect of each sensitivity, rather than worst case scenario positions.

19. Financial Risk Management (continued)

19.2 Financial risks (continued)

Credit risk

Credit risk is the risk of financial loss from counterparty's failure to settle financial obligations as they fall due.
The table below sets out the maximum exposure to credit risk at the Statement of Financial Position date.

	2022	2021
	£	£
Cash and cash equivalents	**7,605,355**	727,883
Property sales receivables	**39,497,325**	12,722,369
Trade and other receivables	**1,448,253**	948,656
Prepayment	**224,774**	337,160
	48,775,707	**14,736,068**

Cash and cash equivalents are carried at amortised cost, whereby any indication of impairment would result in an immediate write-down of the carrying value. These instruments consist of bank balances with the Group. At the reporting date none of these balances were considered past due or impaired, neither were any trade and other receivables that would otherwise be past due or impaired had their terms not been renegotiated. At the reporting date there were no impaired or past due receivables.

Market risk

Market risk is defined as the potential loss in value or earnings of the Company arising from fluctuations in market prices, interest rates or foreign exchange rates. At the reporting date the Company's exposure to market risk arose from potential fluctuations in house prices, which could impact future land sale values and interest rate risk. All transactions and balances were denominated in Sterling and no equity share investments were held.

Interest rate risk

Interest rate risk exists where the Company's financial assets and liabilities have interest rates set under different bases, or which reset at different times.

The financial liabilities comprise fixed rate borrowings provided by another Group company and they are used to finance the Company's inventories. The Company has a loan from LBG Equity Investments Limited. The effective date of the funding was 1 February 2021 and the final repayment date per the agreement is 31 December 2024. The total facility amount is £22,000,000. At 31 December 2022 £13,427,805 was drawn (2021: £7,508,315). This comprises £11,012,791 (2021: £6,648,396) of drawdowns and £2,415,014 (2021: £859,919) of interest and charges. The debt arrangement fee of £440,000 is being amortised over the duration of the facility. Interest is charged on the drawn element at 12% per annum and on the undrawn element at 2.8% per annum.

As at the 31 December 2022 the Company held a total of £7,605,355 (2021: £727,883) in a Lloyds Bank account. The Lloyds Bank account does not pay interest therefore this interest rate risk is not deemed to be significant.

Financial soundness risk

Financial soundness risk covers the risk of financial failure, reputational loss or loss of earnings and/or value arising from a lack of liquidity, funding or capital and/or the inappropriate recording, reporting or disclosure of financial, taxation and regulatory information.

Financial and regulatory reporting, tax and disclosure risk

The Company is exposed to the risk that policies and procedures are not sufficient to maintain adequate books and records to support statutory, regulatory and tax reporting and to prevent and detect financial reporting fraud.

Lloyds Banking Group plc has developed procedures to ensure that compliance with both current and potential future requirements are understood and that policies are aligned to its risk appetite. Lloyds Banking Group plc maintains a system of internal controls, consistently applied, providing reasonable assurance that transactions are recorded and undertaken in accordance with delegated authorities that permit the preparation and disclosure of financial statements and tax returns in accordance with IFRSs, statutory and regulatory requirements.

Lloyds Banking Group plc undertakes a programme of work designed to support an annual assessment of the effectiveness of internal controls over financial reporting, to identify tax liabilities and to assess emerging legislation and regulation.

19. Financial Risk Management (continued)

19.2 Financial risks (continued)

Liquidity risk

Liquidity risk is the risk that the Company does not have sufficient financial resources to meet its obligations when they fall due, or will have to do so at excessive cost. This risk can arise from mismatches in the timing of cash flows relating to assets, liabilities and off-Balance Sheet instruments.

The Company's short-term liquidity requirements are supported by a facility with another Group company subject to internal limits. Overall liquidity risk is managed in line with the Lloyds Banking Group High Level Group Liquidity and Funding Policy.

Lloyds Banking Group plc manages its liquidity risk within the risk appetite as defined by its Board and to ensure that it can in all circumstances meet its obligations as they fall due.

All funding is provided by the Group and the table below sets out the cash flows payable by the Company in respect of financial liabilities, by remaining contractual undiscounted repayments of principal and interest at the Statement of Financial Position date.

As at 31 December

Maturity of contractual liabilities	Up to 1 mth £	1-3 mths £	3-12 mths £	>12 mths £	Total £
Trade and other payables	**1,058,566**	**-**	**-**	**-**	**1,058,566**
Borrowed funds	**-**	**-**	**-**	**13,427,805**	**13,427,805**
Total liabilities	**1,058,566**	**-**	**-**	**-**	**14,486,371**

As at 31 December

Maturity of contractual liabilities	Up to 1 mth £	1-3 mths £	3-12 mths £	>12 mths £	Total £
Trade and other payables	678,361	-	-	-	678,361
Borrowed funds	-	-	-	7,508,315	7,508,315
Total liabilities	678,361	-	-	-	8,186,676

19.3 Business risk

Business risk is the risk that the Company's earnings are adversely impacted by a suboptimal business strategy or the suboptimal implementation of the strategy. In assessing business risk consideration is given to internal and external factors such as products, funding, resource capability and economic, political and regulatory factors.

Through regular reports and oversight business risk is managed by corrective actions to plans and reductions in exposures where necessary.

20. Related party transactions

The Company is controlled by the LBG Equity Investments Limited. A number of transactions are entered into with related parties in the normal course of business. A summary of the outstanding balances at the year end and the related income for the year is set out below.

	2022	2021
	£	£
Amounts due to group undertakings - LBG Equity Investments Limited		
Amounts b/f	**7,508,315**	-
Drawdowns	**4,364,395**	6,648,396
Drawn Interest	**1,227,106**	379,792
Under utilisation fee	**327,988**	480,127
Total Amounts due to group undertakings (see note 14)	**13,427,805**	7,508,315

The Company has a loan from LBG Equity Investments Limited. The effective date of the funding was 1 February 2021 and the final repayment date per the agreement is 31 December 2024. The total facility amount is £22,000,000.

	2022	2021
Cash and cash equivalents held with group undertakings		
Lloyds Bank plc	**7,605,355**	727,883
Prepayment - LBG Equity Investments Limited		
Arrangement Fee	**224,774**	337,160
Capital Reserve - Horizon Capital 2000 Limited		
Investment received during the year	**-**	3,721,770
Operating Expenses - Lloyds Bank plc		
Bank Charges	**687**	68
Finance Cost - LBG Equity Investments Limited		
Loan Interest	**1,227,123**	379,792
Under Utilisation Fee	**327,988**	480,127
Arrangement Fee	**112,386**	102,841
Total Finance Cost (see note 5)	**1,667,497**	962,760

20. Related party transactions (continued)

Key management personnel

Key management personnel are those persons having authority and responsibility for planning and controlling the activities of the Company. Accordingly, key management is comprised of the directors of the Company, the directors of Lloyds Banking Group plc and the members of the Lloyds Banking Group plc board. There were no transactions between the Company and key management personnel during the current or preceding year. Key management personnel are employed by other companies within the Group or the and consider that their services to the Company are incidental to their other activities within those groups.

21. Capital disclosures

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, provide an adequate return to its shareholders through pricing products and services commensurately with the level of risk and, indirectly, to support the Group's regulatory capital requirements.

The Company's parent manages the Company's capital structure and advises the board of directors to consider making adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the board of directors may adjust the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares, or sell assets.

The Company's capital comprises all components of equity, movements in which appear in the Statement of changes in equity. The Company receives its funding requirements from its fellow group undertakings and does not raise funding externally.

22. Contingent liabilities and capital commitments

Road bond:
Following the granting of Construction consent by the City of Edinburgh Council, the Company will be required to construct private roads in connection with proposed housing, school servicing and site wide infrastructure. The estimated cost of these roadworks is £1,212,923 (2021: £1,866,036).

A Guarantee Facility between Lloyds Bank Plc and West Craigs Limited was put in place during the prior year to satisfy the "Road Bond" requirement of City of Edinburgh Council. The Council required this as part of the application for Road Construction Consent, a key element of the wider infrastructure work. The bond provides collateral to the Council in the event that the Company was to fail to complete the roadworks due to be carried out.

The bond amount can be terminated at Lloyds Bank plc's discretion, likely to be when infrastructure works are complete.

Other fee payable:
A fee will be payable to an asset manager as commission on completion of all sales relating to West Craigs. However, at this stage it is not possible to ascertain to how much that figure would be.

23. Post balance sheet events

There have been additional property sales in March 2023 and April 2023.

The Company repaid its loan with LBG Equity Investments Limited in full in May 2023, 19 months earlier than the repayment date.

24. Future developments

The following pronouncements are not applicable for the year ending 31 December 2022 and have not been applied in preparing these financial statements. Save as disclosed below, the impact of these accounting changes is still being assessed by the Company and reliable estimates cannot be made at this stage. With the exception of certain minor amendments, as at the date of signing these financial statements these pronouncements have been endorsed for use in the United Kingdom.

Minor amendments to other accounting standards

The IASB has issued a number of minor amendments to IFRSs effective 1 January 2023 and in later years (including IAS 1 Presentation of financial statements and IAS 8 Accounting policies, changes in accounting estimates and errors). These amendments are not expected to have a significant impact on the Company.

25. Ultimate parent undertaking and controlling party

The Company's immediate parent company is Horizon Capital 2000 Limited. The immediate parent company of Horizon Capital 2000 Limited is Uberior Investments Limited. The company regarded by the directors as the ultimate parent company and controlling party is Lloyds Banking Group plc (incorporated in Scotland), which is also the parent undertaking of the largest and smallest group of undertakings for which group financial statements are drawn up and of which the Company is a member.

Copies of the financial statements of both companies may be obtained from Group Secretariat, Lloyds Banking Group plc, 25 Gresham Street, London, EC2V 7HN. The Lloyds Banking Group plc financial statements may be downloaded via https://www.lloydsbankinggroup.com/investors/financial-downloads.html.

Independent auditor's report to the members of West Craigs Limited

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of West Craigs Limited (the 'company'):
- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the cash flow statement; and
- the related notes 1 to 25.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards and IFRSs as issued by the IASB.

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 Financial Reporting Council's (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.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent auditor's report to the members of West Craigs Limited (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud

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.

We considered the nature of the company's industry and its control environment and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and UK tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Independent auditor’s report to the members of West Craigs Limited (continued)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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 any material misstatements in the strategic report and the directors’ report.

Matters on which we are required to report by exception

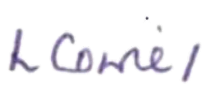
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company’s members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company’s members as a body, for our audit work, for this report, or for the opinions we have formed.



Lyn Cowie CA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Deloitte LLP
Union Plaza
1 Union Wynd
Aberdeen AB10 1SL, United Kingdom
4 July 2023