

Company registration number SC152921 (Scotland)

LOCHAY GROUP LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2025

LOCHAY GROUP LIMITED

COMPANY INFORMATION

Directors	A E W Thomson W G R Thomson I Henderson J D R Thomson	(Appointed 16 November 2025) (Appointed 16 November 2025)
Company number	SC152921	
Registered office	28 Stafford Street Edinburgh EH3 7BD	
Auditor	Thomson Cooper 22 Stafford Street Edinburgh EH3 7BD	
Bankers	Handelsbanken 40 Torphichen Street Edinburgh EH3 8JB	
Solicitors	Davidson Chalmers Stewart LLP 12 Hope Street Edinburgh EH2 4DB	

LOCHAY GROUP LIMITED

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LOCHAY GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2025

The directors present the strategic report for the year ended 30 September 2025.

Review of the business

In terms of residential development, the demand for housing remained strong during for the early part of the year under review, although softened with consumer nervousness in the run up to the Autumn Budget. Throughout the period, seeing sales through to completions remained challenging. Sales of open market houses especially were impacted by buyer chains due to current market conditions. Delays in planning systems resulted in subsequent delays being able to get our projects started, again having an impact particularly on our affordable housing program.

There were 43 open market sales of new homes (2024: 22) and 9 affordable homes were sold during the year (2024: 7). Average house prices for open market sales increased to £388,000 during the year (2024: £362,500).

The commercial property development arm continues to trade successfully. The company continuously seeks out and evaluates property development opportunities, and a number of bids were submitted on various opportunities during the year. A bid for significant commercial property was accepted during the year with the acquisition being completed post year end in February 2026, and an existing stock property was also sold post year end in January 2026.

The Board takes this opportunity to thank the whole Lochay team along with our sub-contractors, professional advisors, and suppliers in delivering quality housing to time and on budget.

Key Performance Indicators

	2025	2024
Turnover	£18,695k	£14,043k
Group operating profit	£2,037k	£1,709k
Residential units sold	43	22
Affordable units sold	9	7
Private average house price	£388k	£363k

Principal risks and uncertainties

Land

An ongoing land purchasing programme remains key to the company's short and long term objectives. The company is continually identifying potential opportunities within its geographical target of central Scotland to deliver future homes.

Sales

As mentioned above, sales performance was challenging during the financial year however the level of demand has seen an upturn post year end. Customer affordability remains a risk to the business particularly during the uncertain economic times. Sales performance is monitored closely to address any issues which arise.

Availability and price of materials and labour

The severe materials shortages post Covid have now eased, replaced by material and labour cost increases and National Insurance tax rises.

Interest rates

The recent reductions in interest rates are encouraging to a market that has become more accustomed to higher rates.

Planning

The planning application bureaucracy continues to delay projects from starting and making amendments during development to respond to changing market conditions and customer requirements. In order to ensure these delays are minimised, the company is in regular contact with local authorities.

LOCHAY GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2025

Future developments

The group continues to look for new land opportunities for residential development, mindful of the fact that it can take several years from initial negotiations to bringing a site to development stage. Our short term position is secure but without having our financial resources tied up in multiple dormant sites awaiting development. Our efforts are currently focused on the longer term to ensure continuity.

Subsequent to year end, a successful commercial development was sold in January 2026 releasing cash for an additional commercial property purchase in February 2026. New development opportunities are constantly evaluated and bids submitted when appropriate.

Financial Instruments

The Group's operations involve the use of a limited range of financial instruments. These primarily include cash and cash equivalents, trade and other receivables and payables, and bank borrowings. The Group does not trade in financial instruments and does not enter into complex financial arrangements or derivatives.

The Board is responsible for setting and monitoring the Group's risk management framework, including oversight of financial risks. The Group's financial risk management policies are conservative in nature and focus on ensuring stability, liquidity, and the prudent use of financial resources. Liquidity risk is managed by maintaining sufficient cash reserves and access to committed bank facilities, and cash flow forecasts are reviewed regularly to ensure that the Group can meet its liabilities as they fall due.

The Group's operations and financing are conducted almost entirely in sterling, and it has no material transactions denominated in foreign currencies. As such, the Group is not exposed to foreign exchange risk and does not use any currency hedging instruments.

Research and development

The group is continuing to explore alternatives to gas heating in light of the ban in new build homes in Scotland from April 2025. We currently fit solar panels to our housing as standard and are exploring other options such as air and ground source heat pumps to move to lower carbon alternatives.
On behalf of the board

A E W Thomson
Director

26 February 2026

LOCHAY GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2025

The directors present their annual report and financial statements for the year ended 30 September 2025.

Principal activities

The principal activity of the company and group continued to be that of property development, housebuilding, property trading and related consultancy services.

Results and dividends

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

Ordinary dividends were paid amounting to £300,033. The directors do not recommend payment of a further dividend.

Directors

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

A E W Thomson	
C I MacLean	(Resigned 30 June 2025)
W G R Thomson	
I Henderson	(Appointed 16 November 2025)
J D R Thomson	(Appointed 16 November 2025)

Auditor

In accordance with the company's articles, a resolution proposing that Thomson Cooper be reappointed as auditor of the group will be put at a General Meeting.

Statement of directors' responsibilities

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

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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business.

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

LOCHAY GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2025

Statement of disclosure to auditor

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

Medium-sized companies exemption

This report has been prepared in accordance with the provisions applicable to groups and companies entitled to the exemptions of the small companies regime.

On behalf of the board

A E W Thomson
Director

26 February 2026

LOCHAY GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LOCHAY GROUP LIMITED

Opinion

We have audited the financial statements of Lochay Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2025 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 September 2025 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

LOCHAY GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF LOCHAY GROUP LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the group's and parent 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 group or parent 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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: existence and timing of recognition of income, posting of unusual journals and manipulating the Group's key performance indicators to meet targets. We discussed these risks with management, designed audit procedures to test the timing and existence of revenue, tested a sample of journals to confirm they were appropriate, read minutes of Board meetings and reviewed areas of judgement for indicators of management bias to address these risks.

We reviewed areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience through discussion with the officers and other management (as figured by auditing standards) Whilst the company is subject to many laws and regulations, we did not identify any others where the consequence of non-compliance alone could have a material effect on amounts or disclosures in the financial statements,

We reviewed the laws and regulations in areas that directly affect the financial statements including financial and taxation legislation and considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statement items.

With the exception of any known or possible non-compliance with relevant and significant laws and regulations, and as required by the auditing standards, our work in respect of these was limited to enquiry of the officers and management of the company.

We communicated identified law and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

LOCHAY GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF LOCHAY GROUP LIMITED

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to records transactions, collusion or the provision of intentional misrepresentations,

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

Use of our report

This report is made solely to the parent 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Alan Mitchell (Senior Statutory Auditor)
For and on behalf of Thomson Cooper
Edinburgh

26 February 2026

LOCHAY GROUP LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2025

	Notes	2025 £	2024 £
Turnover	3	18,695,480	14,043,440
Cost of sales		(15,574,661)	(11,837,481)
Gross profit		3,120,819	2,205,959
Administrative expenses		(653,480)	(539,071)
Other operating (expenses)/income		(430,000)	41,667
Operating profit	4	2,037,339	1,708,555
Share of results of associates		(20,349)	92,574
Interest receivable and similar income	8	38,362	126,091
Interest payable and similar expenses	9	(147,325)	(205,534)
Amounts written off investments	10	(81,458)	-
Gain/(loss) on disposal of investments		-	32,000
Profit before taxation		1,826,569	1,753,686
Tax on profit	11	(389,378)	(381,103)
Profit for the financial year		1,437,191	1,372,583
Profit for the financial year is attributable to:			
- Owners of the parent company		1,335,832	1,310,165
- Non-controlling interests		101,359	62,418
		1,437,191	1,372,583

LOCHAY GROUP LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2025

	2025	2024
	£	£
Profit for the year	1,437,191	1,372,583
Other comprehensive income	-	-
Cash flow hedges gain arising in the year	-	-
Total comprehensive income for the year	<u>1,437,191</u>	<u>1,372,583</u>
Total comprehensive income for the year is attributable to:		
- Owners of the parent company	1,335,832	1,310,165
- Non-controlling interests	101,359	62,418
	<u>1,437,191</u>	<u>1,372,583</u>

LOCHAY GROUP LIMITED

GROUP BALANCE SHEET

AS AT 30 SEPTEMBER 2025

	Notes	2025		2024	
		£	£	£	£
Fixed assets					
Tangible assets	14		329,668		342,161
Investment property	15		2,520,000		2,950,000
Investments	16		51		680,548
			<u>2,849,719</u>		<u>3,972,709</u>
Current assets					
Stocks	19	13,663,067		16,016,851	
Debtors	20	655,530		1,025,835	
Cash at bank and in hand		5,320,741		156,685	
		<u>19,639,338</u>		<u>17,199,371</u>	
Creditors: amounts falling due within one year	21	<u>(2,760,382)</u>		<u>(4,169,777)</u>	
Net current assets			<u>16,878,956</u>		<u>13,029,594</u>
Total assets less current liabilities			<u>19,728,675</u>		<u>17,002,303</u>
Creditors: amounts falling due after more than one year	22		<u>(2,378,399)</u>		<u>(484,473)</u>
Provisions for liabilities					
Deferred tax liability	25	133,487		310,548	
		<u>(133,487)</u>		<u>(310,548)</u>	
Net assets			<u>17,216,789</u>		<u>16,207,282</u>
Capital and reserves					
Called up share capital	27		10,000		10,000
Revaluation reserve			1,367,007		1,367,007
Profit and loss reserves			13,819,839		12,880,587
			<u>15,196,846</u>		<u>14,257,594</u>
Equity attributable to owners of the parent company			<u>15,196,846</u>		<u>14,257,594</u>
Profit for the year			101,359		62,418
Net assets			618,584		587,270
Preference share capital			1,300,000		1,300,000
			<u>17,216,789</u>		<u>16,207,282</u>
Total equity			<u>17,216,789</u>		<u>16,207,282</u>

LOCHAY GROUP LIMITED

GROUP BALANCE SHEET (CONTINUED)

AS AT 30 SEPTEMBER 2025

These financial statements have been prepared in accordance with the provisions relating to medium-sized groups.

The financial statements were approved by the board of directors and authorised for issue on 26 February 2026 and are signed on its behalf by:

A E W Thomson
Director

Company registration number SC152921 (Scotland)

LOCHAY GROUP LIMITED

COMPANY BALANCE SHEET

AS AT 30 SEPTEMBER 2025

		2025		2024	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	14		7,906		3,995
Investments	16		241		241
			<u>8,147</u>		<u>4,236</u>
Current assets					
Stocks	19	233		233	
Debtors	20	134,163		1,285,437	
Cash at bank and in hand		1,735,975		79,923	
		<u>1,870,371</u>		<u>1,365,593</u>	
Creditors: amounts falling due within one year	21	<u>(75,691)</u>		<u>(124,260)</u>	
Net current assets			<u>1,794,680</u>		<u>1,241,333</u>
Total assets less current liabilities			<u>1,802,827</u>		<u>1,245,569</u>
Provisions for liabilities					
Deferred tax liability	25	<u>1,977</u>	<u>(1,977)</u>	<u>998</u>	<u>(998)</u>
Net assets			<u><u>1,800,850</u></u>		<u><u>1,244,571</u></u>
Capital and reserves					
Called up share capital	27		10,000		10,000
Profit and loss reserves			1,790,850		1,234,571
Total equity			<u><u>1,800,850</u></u>		<u><u>1,244,571</u></u>

As permitted by section 408 of the Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £856,312 (2024 - £156,431 profit).

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 26 February 2026 and are signed on its behalf by:

A E W Thomson
Director

Company registration number SC152921 (Scotland)

LOCHAY GROUP LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2025

	Share capital	Revaluation reserve	Profit and loss reserves	Total non-controlling interest	controlling interest	Total
Notes	£	£	£	£	£	£
Balance at 1 October 2023	10,000	1,367,007	11,961,455	13,338,462	1,892,817	15,231,279
Year ended 30 September 2024:						
Profit and total comprehensive income	-	-	1,310,165	1,310,165	62,418	1,372,583
Dividends	-	-	(396,580)	(391,033)	(5,547)	(396,580)
Balance at 30 September 2024	10,000	1,367,007	12,875,040	14,257,594	1,949,688	16,207,282
Year ended 30 September 2025:						
Profit and total comprehensive income	-	-	1,335,832	1,335,832	101,359	1,437,191
Dividends	-	-	(427,684)	(391,033)	(36,651)	(427,684)
Balance at 30 September 2025	10,000	1,367,007	13,783,188	15,202,393	2,014,396	17,216,789

LOCHAY GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2025

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
Balance at 1 October 2023		10,000	1,378,173	1,388,173
Year ended 30 September 2024:				
Profit and total comprehensive income for the year		-	156,431	156,431
Dividends	12	-	(300,033)	(300,033)
Balance at 30 September 2024		10,000	1,234,571	1,244,571
Year ended 30 September 2025:				
Profit and total comprehensive income		-	856,312	856,312
Dividends	12	-	(300,033)	(300,033)
Balance at 30 September 2025		10,000	1,790,850	1,800,850

LOCHAY GROUP LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2025

	Notes	2025		2024	
		£	£	£	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	29				
		6,026,672		(3,345,535)	
Interest paid		(146,118)		(162,861)	
Income taxes paid		(557,172)		(307,524)	
Net cash inflow/(outflow) from operating activities		5,323,382		(3,815,920)	
Investing activities					
Purchase of tangible fixed assets		(88,030)		(80,000)	
Proceeds from disposal of tangible fixed assets		71,001		42,000	
Proceeds from disposal of investments		2,596		-	
Interest received		36,363		25,093	
Other income received from investments		-		94,875	
Net cash generated from investing activities			21,930		81,968
Financing activities					
Proceeds from borrowings		300,000		-	
Repayment of borrowings		(350,000)		-	
Proceeds from new bank loans		2,000,000		-	
Repayment of bank loans		(1,625,552)		(100,394)	
Payment of finance leases obligations		(78,020)		(81,157)	
Dividends paid to equity shareholders		(391,033)		(391,033)	
Dividends paid to non-controlling interests		(36,651)		(5,547)	
Net cash used in financing activities			(181,256)		(578,131)
Net increase/(decrease) in cash and cash equivalents					
			5,164,056		(4,312,083)
Cash and cash equivalents at beginning of year			156,685		4,468,768
Cash and cash equivalents at end of year			5,320,741		156,685

LOCHAY GROUP LIMITED

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2025

	Notes	2025		2024	
		£	£	£	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	30		1,181,610		(1,059,749)
Income taxes paid			(13,904)		(23,747)
Net cash inflow/(outflow) from operating activities			<u>1,167,706</u>		<u>(1,083,496)</u>
Investing activities					
Purchase of tangible fixed assets		(8,441)			
Interest received		37,224		17,373	
Dividends received		757,000		-	
Other income received from investments		2,596		128,917	
Net cash generated from investing activities			<u>788,379</u>		<u>146,290</u>
Financing activities					
Dividends paid to equity shareholders		(300,033)		(300,033)	
Net cash used in financing activities			<u>(300,033)</u>		<u>(300,033)</u>
Net increase/(decrease) in cash and cash equivalents			<u>1,656,052</u>		<u>(1,237,239)</u>
Cash and cash equivalents at beginning of year			79,923		1,317,162
Cash and cash equivalents at end of year			<u><u>1,735,975</u></u>		<u><u>79,923</u></u>

LOCHAY GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2025

1 Accounting policies

Company information

Lochay Group Limited ("the company") is a private limited company domiciled and incorporated in Scotland. The registered office is 28 Stafford Street, Edinburgh, EH3 7BD.

The group consists of Lochay Group Limited and all of its subsidiaries.

1.1 Accounting convention

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

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain financial assets and liabilities and investments measured at fair value. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

The company is the parent of a medium group and has prepared consolidated financial statements. The group financial statements consolidate the financial statements of the company and its subsidiary undertakings. The company has taken exemption from presenting its unconsolidated profit and loss accounts under section 408 of the Companies Act 2006.

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates.

Investments in joint ventures and associates are carried in the group balance sheet at cost plus post-acquisition changes in the group's share of the net assets of the entity, less any impairment in value. The carrying values of investments in joint ventures and associates include acquired goodwill.

If the group's share of losses in a joint venture or associate equals or exceeds its investment in the joint venture or associate, the group does not recognise further losses unless it has incurred obligations to do so or has made payments on behalf of the joint venture or associate.

Unrealised gains arising from transactions with joint ventures and associates are eliminated to the extent of the group's interest in the entity.

1.3 Going concern

The financial statements have been prepared on a going concern basis. The directors have assessed the group and the company's ability to continue as a going concern. At the time of approving the financial statements, the directors have a reasonable expectation that the group and the company have adequate resources to continue in operational existence for a period of not less than twelve months. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Turnover

The turnover shown in the consolidated profit and loss account represents amounts receivable during the year, exclusive of Value Added Tax, where there is a right to consideration from property development, trading and investment activities.

LOCHAY GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2025

1 Accounting policies (Continued)

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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

Plant and equipment	25% Straight Line
Fixtures and fittings	25% Straight Line

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 recognised in the profit and loss account.

1.6 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

1.7 Fixed asset investments

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

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

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

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

1.8 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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.

1.9 Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads including financing costs. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

1.10 Cash and cash equivalents

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

LOCHAY GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2025

1 Accounting policies

(Continued)

1.11 Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classified as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

1.12 Equity instruments

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

1.13 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 end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

1.14 Employee benefits

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

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

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

LOCHAY GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2025

1 Accounting policies

(Continued)

1.15 Retirement benefits

The company makes contributions to defined contribution pension schemes on behalf of certain employees. Payments are charged to the profit and loss in the period to which they relate.

1.16 Leases

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

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

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

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

Estimates and judgements 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. The group and company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of assets. The useful economic lives and residual lives are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See the fixed asset note for the carrying value of tangible assets.

Work in progress

At the end of each reporting period the company assess the level of work in progress for impairment. If an item of work in progress is impaired, a charge is recognised in the profit and loss account.

Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing the impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See the debtors note for the carrying value of debtors.

LOCHAY GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2025

3 Turnover

	2025	2024
	£	£
Turnover analysed by class of business		
Property sales	18,022,762	13,417,762
Property rental income	670,118	616,128
Management fees	2,600	9,550
	<u>18,695,480</u>	<u>14,043,440</u>
	2025	2024
	£	£
Turnover analysed by geographical market		
United Kingdom	18,695,480	14,043,440
	<u>18,695,480</u>	<u>14,043,440</u>

4 Operating profit

	2025	2024
	£	£
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	12,626	12,760
Depreciation of tangible fixed assets held under finance leases	130,174	118,478
Profit on disposal of tangible fixed assets	(48,627)	(24,688)
Operating lease charges	52,000	52,000
	<u>146,173</u>	<u>158,550</u>

5 Auditor's remuneration

	2025	2024
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	6,075	5,000
Audit of the financial statements of the company's subsidiaries	17,100	15,500
	<u>23,175</u>	<u>20,500</u>
For other services		
Taxation compliance services	5,550	5,250
All other non-audit services	9,396	7,312
	<u>14,946</u>	<u>12,562</u>

LOCHAY GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2025

6 Employees

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

Group 2025 Number	2024 Number	Company 2025 Number	2024 Number
18	18	3	3

Their aggregate remuneration comprised:

	Group 2025 £	2024 £	Company 2025 £	2024 £
Wages and salaries	1,112,387	1,058,580	123,009	145,731
Social security costs	135,509	129,855	8,564	16,555
Pension costs	28,613	25,799	4,886	5,002
	<u>1,276,509</u>	<u>1,214,234</u>	<u>136,459</u>	<u>167,288</u>

7 Directors' remuneration

	2025 £	2024 £
Remuneration for qualifying services	63,446	101,650
Company pension contributions to defined contribution schemes	2,630	3,449
	<u>66,076</u>	<u>105,099</u>

8 Interest receivable and similar income

	2025 £	2024 £
Interest income		
Interest on bank deposits	35,600	25,093
Interest receivable from group companies	1,999	180
Other interest income	763	-
Total interest revenue	<u>38,362</u>	<u>25,273</u>
Income from fixed asset investments		
Income from participating interests - associates	-	100,818
Total income	<u>38,362</u>	<u>126,091</u>

LOCHAY GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2025

8	Interest receivable and similar income	(Continued)	
		2025	2024
		£	£
	Investment income includes the following:		
	Interest on financial assets not measured at fair value through profit or loss	37,599	25,273
		<u> </u>	<u> </u>
9	Interest payable and similar expenses		
		2025	2024
		£	£
	Interest on financial liabilities measured at amortised cost:		
	Interest on bank overdrafts and loans	113,798	172,078
	Other interest on financial liabilities	23,644	24,500
		<u> </u>	<u> </u>
		137,442	196,578
	Other finance costs:		
	Interest on finance leases and hire purchase contracts	9,883	8,956
		<u> </u>	<u> </u>
	Total finance costs	147,325	205,534
		<u> </u>	<u> </u>
10	Amounts written off investments		
		2025	2024
		£	£
	Loss on disposal of investments held at fair value	(60,262)	-
	Other gains and losses	(21,196)	-
		<u> </u>	<u> </u>
		(81,458)	-
		<u> </u>	<u> </u>
11	Taxation		
		2025	2024
		£	£
	Current tax		
	UK corporation tax on profits for the current period	631,272	461,176
	Adjustments in respect of prior periods	(64,833)	(82,561)
		<u> </u>	<u> </u>
	Total current tax	566,439	378,615
		<u> </u>	<u> </u>
	Deferred tax		
	Origination and reversal of timing differences	(177,061)	2,488
		<u> </u>	<u> </u>
	Total tax charge	389,378	381,103
		<u> </u>	<u> </u>

LOCHAY GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2025

11 Taxation

(Continued)

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

	2025 £	2024 £
Profit before taxation	1,826,569	1,753,686
Expected tax charge based on the standard rate of corporation tax in the UK of 25.00% (2024: 25.00%)	456,642	438,422
Tax effect of expenses that are not deductible in determining taxable profit	122,531	1,878
Adjustments in respect of prior years	(64,833)	(82,514)
Other permanent differences	2,356	-
Under/(over) provided in prior years	-	76
Deferred tax adjustments in respect of prior years	58	98
Amounts written off fixed asset investments	5,299	-
Deferred tax on revaluation of investment properties	(132,675)	-
Share of LLP results	-	23,143
Taxation charge	389,378	381,103

12 Dividends

	2025 £	2024 £
Recognised as distributions to equity holders:		
Final paid	300,033	300,033

13 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2025 £	2024 £
In respect of:			
Fixed asset investments	16	21,196	-
Recognised in:			
Amounts written off investments		21,196	-

The impairment losses in respect of financial assets are recognised in other gains and losses in the profit and loss account.

LOCHAY GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2025

14 Tangible fixed assets

Group	Plant and equipment £	Fixtures and fittings £	Total £
Cost			
At 1 October 2024	581,160	49,122	630,282
Additions	144,240	8,441	152,681
Disposals	(140,935)	-	(140,935)
At 30 September 2025	584,465	57,563	642,028
Depreciation and impairment			
At 1 October 2024	242,994	45,127	288,121
Depreciation charged in the year	138,270	4,530	142,800
Eliminated in respect of disposals	(118,561)	-	(118,561)
At 30 September 2025	262,703	49,657	312,360
Carrying amount			
At 30 September 2025	321,762	7,906	329,668
At 30 September 2024	338,166	3,995	342,161
Company			
			Fixtures and fittings £
Cost			
At 1 October 2024			49,122
Additions			8,441
At 30 September 2025			57,563
Depreciation and impairment			
At 1 October 2024			45,127
Depreciation charged in the year			4,530
At 30 September 2025			49,657
Carrying amount			
At 30 September 2025			7,906
At 30 September 2024			3,995

Hire purchase agreements

Included within fixed assets is £308,956 (2024: £323,158) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £108,349 (2024: £118,478).

LOCHAY GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2025

15	Investment property	Group 2025 £	Company 2025 £
	Fair value		
	At 1 October 2024 and 30 September 2025	2,950,000	-
	Net gains or losses through fair value adjustments	(430,000)	-
	At 30 September 2025	2,520,000	-

Revaluation of fixed assets

The investment properties were revalued by Graham and Sibbald property consultants on 25 June 2025 in accordance with the RICS Appraisal and Valuation Manual.

The directors have reviewed the carrying value of the investment properties at the year end and are satisfied that the value of these properties reflect the value in use at the year end. The historical cost of the properties is £2,578,709 (2024: £2,578,709).

16	Fixed asset investments	Group 2025 £	2024 £	Company 2025 £	2024 £
		Notes			
	Investments in subsidiaries	17	-	-	190
	Investments in associates	18	51	241	51
			51	241	241

Movements in fixed asset investments

Group	Shares in associates £
Cost or valuation	
At 1 October 2024	680,548
Valuation changes	(680,497)
At 30 September 2025	51
Carrying amount	
At 30 September 2025	51
At 30 September 2024	680,548

LOCHAY GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2025

16 Fixed asset investments (Continued)

Movements in fixed asset investments
Company

Shares in subsidiaries and associates

£

Cost or valuation

At 1 October 2024 and 30 September 2025

241

Carrying amount

At 30 September 2025

241

At 30 September 2024

241

17 Subsidiaries

Details of the company's subsidiaries at 30 September 2025 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Lochay Properties Ltd	Scotland	Property development	Ordinary Shares	100.00
Lochay Homes Ltd	Scotland	House building	Ordinary Shares	90.00

18 Associates

Details of associates at 30 September 2025 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Loch Esk Limited	Scotland	Property development	Ordinary Shares	50
39 Hanover Limited	Scotland	Property development	Ordinary Shares	50

19 Stocks

	Group 2025 £	2024 £	Company 2025 £	2024 £
Work in progress	13,663,067	16,016,851	233	233

LOCHAY GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2025

20 Debtors

	Group 2025	2024	Company 2025	2024
Amounts falling due within one year:	£	£	£	£
Trade debtors	113,994	394,603	102,915	104,331
Corporation tax recoverable	-	-	526	-
Amounts owed by group undertakings	-	-	-	993,069
Other debtors	466,823	596,637	-	179,751
Prepayments and accrued income	74,713	34,595	30,722	8,286
	<u>655,530</u>	<u>1,025,835</u>	<u>134,163</u>	<u>1,285,437</u>

21 Creditors: amounts falling due within one year

	Notes	Group 2025	2024	Company 2025	2024
		£	£	£	£
Bank loans	23	7,898	1,625,679	-	-
Obligations under finance leases	24	108,583	73,649	-	-
Trade creditors		844,217	1,095,685	4,122	2,242
Corporation tax payable		218,439	106,414	19,582	55,248
Other taxation and social security		96,101	112,501	23,833	45,457
Other creditors		281,778	265,728	13,309	2,428
Accruals and deferred income		1,203,366	890,121	14,845	18,885
		<u>2,760,382</u>	<u>4,169,777</u>	<u>75,691</u>	<u>124,260</u>

The CIBLS loan (Coronavirus Business Interruption Loan) is repayable by May 2026. Interest is charged at 1.3%.

Bank loans and overdrafts are secured by a standard security over the group's investment properties and a floating charge over the group's assets.

The bank loans and other loans are secured by the group.

22 Creditors: amounts falling due after more than one year

	Notes	Group 2025	2024	Company 2025	2024
		£	£	£	£
Bank loans and overdrafts	23	2,000,000	7,771	-	-
Obligations under finance leases	24	78,399	126,702	-	-
Other borrowings	23	300,000	350,000	-	-
		<u>2,378,399</u>	<u>484,473</u>	<u>-</u>	<u>-</u>

Bank loans are secured by a standard security over the group's investment properties and a floating charge over the group's assets.

LOCHAY GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2025

23 Loans and overdrafts

	Group 2025 £	2024 £	Company 2025 £	2024 £
Bank loans	2,007,898	1,633,450	-	-
Other loans	300,000	350,000	-	-
	<u>2,307,898</u>	<u>1,983,450</u>	<u>-</u>	<u>-</u>
Payable within one year	7,898	1,625,679	-	-
Payable after one year	2,300,000	357,771	-	-
	<u>2,307,898</u>	<u>1,983,450</u>	<u>-</u>	<u>-</u>

During the year, a group company secured a bank loan of £2,000,000 from Handelsbanken Plc. The loan is interest only and repayable in August 2030. Interest is charged at 2.15% over the base rate.

The bank loan is secured by a standard security over the group's investment properties and a floating charge over the group's assets.

The CIBLS loan (Coronavirus Business Interruption Loan) is repayable by May 2026. Interest is charged at 1.3%.

Other loans include a loan from a director which was repaid in full in the year and a new loan of £300,000 advanced in January 2025. The loan is repayable over 24 months with interest charged at 7% per annum.

The other loans are secured by a charge granted by Lochay Homes Limited.

24 Finance lease obligations

Amounts due:	Group 2025 £	2024 £	Company 2025 £	2024 £
Current liabilities	108,583	73,649	-	-
Non-current liabilities	78,399	126,702	-	-
	<u>186,982</u>	<u>200,351</u>	<u>-</u>	<u>-</u>
Future minimum lease payments due under finance leases:				
Within one year	108,583	73,649	-	-
In two to five years	78,399	126,702	-	-
	<u>186,982</u>	<u>200,351</u>	<u>-</u>	<u>-</u>

LOCHAY GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2025

24 Finance lease obligations (Continued)

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

25 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2025	Liabilities 2024
	£	£
Group		
Accelerated capital allowances	133,487	310,548
	<u> </u>	<u> </u>
	2025	2024
	£	£
Company		
Accelerated capital allowances	1,977	998
	<u> </u>	<u> </u>
	Group 2025	Company 2025
	£	£
Movements in the year:		
Liability at 1 October 2024	310,548	998
(Credit)/charge to profit or loss	(177,061)	979
	<u> </u>	<u> </u>
Liability at 30 September 2025	133,487	1,977
	<u> </u>	<u> </u>

The group has an unrecognised deferred tax asset at 30 September 2025 of £27,973 (2024: £27,973). This has arisen from tax losses carried forward of £111,893 which can only be offset in future years against certain tax profits within the companies themselves and £24,275 of connected party capital losses.

	2025	2024
	£	£
26 Retirement benefit schemes		
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	28,613	25,799
	<u> </u>	<u> </u>

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

LOCHAY GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2025

27 Share capital

Group and company	2025	2024	2025	2024
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
Ordinary shares of £1 each	10,000	10,000	10,000	10,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The shares hold full voting rights, and give entitlement to appoint directors, receive dividends and participate in distributions on winding up. These shares are not redeemable.

Called up share capital - This reserve represents the nominal value of shares that have been issued.

Revaluation reserve - This reserve records the cumulative value of investment property revaluations and fair value movements on investment properties recognised in other comprehensive income.

Profit and loss account - This reserve records retained earnings and accumulated losses.

LOCHAY GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2025

28 Related party transactions

There is no ultimate controlling party of the company.

Company

Amounts owed by associated undertakings with common directors/members at the year end totalled £123,069 (2024 - £123,069). Amounts owed by a fellow group company in which Lochay Group holds a majority shareholding totalled £nil (2024 - £850,000). All amounts owed are interest free and repayable on demand.

The company recovered £250k (2024 - £250k) in respect of management fees due from a fellow group company in which Lochay Group holds a majority shareholding. £nil (2024 - £75k) was included within other debtors at the year end.

During the year the company was charged office rent of £52k (2024 - £52k) by a director's self-invested pension scheme.

Group

Amounts owed by associated undertakings with common directors/members at the year end totalled £nil (2024 - £123,069). Amounts owed by a fellow group company in which Lochay Group holds a majority shareholding totalled £nil (2024 - £850,000). All amounts owed are interest free and repayable on demand.

The company recovered £250k (2024 - £250k) in respect of management fees due from a fellow group company in which Lochay Group holds a majority shareholding. £nil (2024 - £75k) was included within other debtors at the year end.

At 30 September 2025 £300k (2024 - £350k) was payable by the group to a director. The loan is secured and attracts interest at 7% per annum. A further £nil (2024 - £83,324) was payable by the group to a director.

During the year, the group paid £1900 (2024 - £35,500) to FT Linden, a company with a common director for professional services.

LOCHAY GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2025

29 Cash generated from/(absorbed by) group operations	2025	2024
	£	£
Profit after taxation	1,335,832	1,310,165
Adjustments for:		
Share of results of associates and joint ventures	20,349	(92,574)
Taxation charged	389,378	381,103
Finance costs	108,963	79,443
Minority interest	101,359	62,418
Gain on disposal of tangible fixed assets	(48,627)	(24,688)
Fair value loss on investment properties	430,000	-
Depreciation and impairment of tangible fixed assets	142,800	131,238
Other gains and losses	81,458	-
Amounts written off investments	680,497	-
Movements in working capital:		
Decrease/(increase) in stocks	2,353,784	(4,848,695)
Decrease/(increase) in debtors	370,305	(359,519)
Increase in creditors	60,574	15,574
Cash generated from/(absorbed by) operations	<u>6,026,672</u>	<u>(3,345,535)</u>
30 Cash generated from/(absorbed by) operations - company	2025	2024
	£	£
Profit after taxation	856,312	156,431
Adjustments for:		
Taxation (credited)/charged	(21,309)	54,623
Investment income	(796,820)	(146,290)
Depreciation and impairment of tangible fixed assets	4,530	5,187
Movements in working capital:		
Decrease/(increase) in debtors	1,151,800	(1,144,674)
(Decrease)/increase in creditors	(12,903)	14,974
Cash generated from/(absorbed by) operations	<u>1,181,610</u>	<u>(1,059,749)</u>

LOCHAY GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2025

31 Analysis of changes in net funds/(debt) - group

	1 October 2024	Cash flows	New finance leases	30 September 2025
	£	£	£	£
Cash at bank and in hand	156,685	5,164,056	-	5,320,741
Borrowings excluding overdrafts	(1,983,450)	(324,448)	-	(2,307,898)
Obligations under finance leases	(200,351)	78,020	(64,651)	(186,982)
	<u>(2,027,116)</u>	<u>4,917,628</u>	<u>(64,651)</u>	<u>2,825,861</u>

32 Analysis of changes in net funds - company

	1 October 2024	Cash flows	30 September 2025
	£	£	£
Cash at bank and in hand	79,923	1,656,052	1,735,975
	<u>79,923</u>	<u>1,656,052</u>	<u>1,735,975</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.