

Registration number: 01933766

Rockstone Surfacing Limited

Annual Report and Financial Statements

for the Year Ended 31 August 2017

Philip Nickson & Co Ltd
Chartered Accountants and Registered Auditors
Paradise Farm
High Street
Kempsford
Fairford
Gloucestershire
GL7 4EU

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Rockstone Surfacing Limited

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Rockstone Surfacing Limited

Company Information

Directors	S M Dziubinski L J Dziubinski
Company secretary	L J Dziubinski
Registered office	Central Trading Estate Signal Way Swindon SN3 1PD
Auditors	Philip Nickson & Co Ltd Chartered Accountants and Registered Auditors Paradise Farm High Street Kempsford Fairford Gloucestershire GL7 4EU

Rockstone Surfacing Limited

Strategic Report for the Year Ended 31 August 2017

The directors present their strategic report for the year ended 31 August 2017.

Principal activity

The principal activity of the company is the provision of and repair of road surfacing

Fair review of the business

Rockstone Surfacing Limited. continues to operate as a Private Limited Company for sub-contract civil engineering, macadam and resinous surfacing throughout a breadth of sectors within The South of England, and South Wales.

Summary of year-end 31/08/2017

The company recorded a small increase in turnover of 0.99% to £10,893,012. Pre-tax profits declined by 40.3% to £543,421. While gross margins increased from 18.7% to 19.9%, the cost of a bad debt significantly increased administrative expenses.

The company continues to evolve from a typical 'supply and lay' surfacing sub-contractor, towards end to end provision of surface; from design stage, to post-construction reporting and aftercare appraisal. Investment continues into the civil engineering side of the business which now boast three in-house civils teams with full accreditations for a breadth of highway infrastructure activities, supported by a full-time Civils Manager.

In the light of this transition, the percentage of overall turnover carried out as Principal Contractor (PC) has risen to over 25%, with clients including 'major' housebuilders, and various Local Authorities. Highlights include a 1.5km carriageway reconstruction project in Swindon Town Centre for Swindon Borough Council, and a 6-month phased pre-adoption project for Persimmon Homes. Both of these projects were carried out on time to a high degree of quality prompting invitation for repeat custom on similar future schemes.

New Enterprise Planning systems introduced earlier in the year have made the management of sub-contractors easier, strengthening our supply chain management to enhance the service delivery required for our client base.

2017/18 Outlook

'State-of-the-art,' privately-owned, modern plant and machinery has been the backbone of successful surfacing operations over recent years. Investment in civil engineering plant (e.g. excavators and dumpers) scheduled for 2018 will extend this position across all areas of the business and eliminate the need for third party hire, and thus the typically associated unknown facets of such business-critical items.

It is hoped that by the end of 2018 over 95% of plant employed on Rockstone Surfacing Sites will be owned in house, with 100% of plant operation carried out by in-house full time directly employed operatives, as has always been the case in recent years.

The Company will continue to look at diversification into more complex surfacing and civil engineering projects, with a high proportion of services carried out in-house, which in turn will generate the required level of quality and control we pride ourselves upon.

The National Housebuilding Council (NHBC) has registered both the highest number of completions, and also projected commencements since the financial crisis in 2007. With majority of turnover still arriving from this sector, the Company's core revenue stream looks well positioned whilst more expansive, intricate contracts are pursued in other sectors.

Rockstone Surfacing Limited

Strategic Report for the Year Ended 31 August 2017

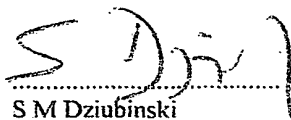
Principal risks and uncertainties

Whilst well documented, the full impact of the EU referendum remains to be felt within the construction industry and the Company will continue to focus on business-critical elements that may be affected in the future:

Available labour: The company will continue to invest in the training and development of home-grown talent for manual and skilled rolls within the workforce.

Legislative Change: Added personnel within technical and managerial positions will facilitate swift transition as the country migrates from previous EU-driven legislation.

Approved by the Board on 16 May 2018 and signed on its behalf by:



S M Dziubinski
Director

STEFAN MICHAL DZIUBINSKI

Rockstone Surfacing Limited

Directors' Report for the Year Ended 31 August 2017

The directors present their report and the financial statements for the year ended 31 August 2017.

Directors of the company

The directors who held office during the year were as follows:

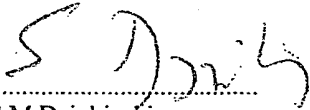
S M Dziubinski

L J Dziubinski - Company secretary and director

Disclosure of information to the auditors

Each director has taken 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. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved by the Board on 16 May 2018 and signed on its behalf by:



S M Dziubinski
Director

STEFAN MICHAL DZIUBINSKI

Rockstone Surfacing Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

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

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

Rockstone Surfacing Limited

Independent Auditor's Report to the Members of Rockstone Surfacing Limited

Opinion

We have audited the financial statements of Rockstone Surfacing Limited (the 'company') for the year ended 31 August 2017, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

Rockstone Surfacing Limited

Independent Auditor's Report to the Members of Rockstone Surfacing Limited

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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 Statement of Directors' Responsibilities [set out on page 5], 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

Rockstone Surfacing Limited

Independent Auditor's Report to the Members of Rockstone Surfacing Limited

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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Philip Nickson (Senior Statutory Auditor)
For and on behalf of Philip Nickson & Co Ltd, Statutory Auditor

Paradise Farm
High Street
Kempsford
Fairford
Gloucestershire
GL7 4EU

16 May 2018

Rockstone Surfacing Limited

Profit and Loss Account for the Year Ended 31 August 2017

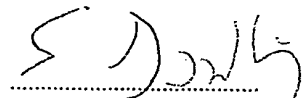
	Note	2017 £	2016 £
Turnover	3	10,893,012	10,786,613
Cost of sales		<u>(8,860,658)</u>	<u>(8,774,619)</u>
Gross profit		2,032,354	2,011,994
Administrative expenses		(1,505,034)	(1,103,746)
Other operating income	4	<u>23,161</u>	<u>2,956</u>
Operating profit	5	<u>550,481</u>	<u>911,204</u>
Other interest receivable and similar income	6	933	15,129
Interest payable and similar expenses	7	<u>(7,993)</u>	<u>(15,899)</u>
		<u>(7,060)</u>	<u>(770)</u>
Profit before tax		543,421	910,434
Taxation	11	<u>(108,949)</u>	<u>(225,058)</u>
Profit for the financial year and total comprehensive income for the year		<u><u>434,472</u></u>	<u><u>685,376</u></u>

The notes on pages 13 to 25 form an integral part of these financial statements.

Rockstone Surfacing Limited
(Registration number: 01933766)
Balance Sheet as at 31 August 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	12	195,125	223,000
Tangible assets	13	670,901	774,876
Investment property	14	<u>1,137,605</u>	<u>294,169</u>
		<u>2,003,631</u>	<u>1,292,045</u>
Current assets			
Debtors	15	4,005,664	3,012,414
Cash at bank and in hand		<u>947,743</u>	<u>2,259,394</u>
		4,953,407	5,271,808
Creditors: Amounts falling due within one year	17	<u>(2,292,405)</u>	<u>(2,140,814)</u>
Net current assets		<u>2,661,002</u>	<u>3,130,994</u>
Total assets less current liabilities		4,664,633	4,423,039
Creditors: Amounts falling due after more than one year	17	(12,222)	(29,359)
Provisions for liabilities	18	<u>(108,573)</u>	<u>(130,715)</u>
Net assets		<u>4,543,838</u>	<u>4,262,965</u>
Capital and reserves			
Called up share capital	20	100	100
Profit and loss account		<u>4,543,738</u>	<u>4,262,865</u>
Total equity		<u>4,543,838</u>	<u>4,262,965</u>

Financial Statements can be amended after issue with proper authorisation.
Approved and authorised by the Board on 16 May 2018 and signed on its behalf by:



S M Dziubinski
Director

STEFAN MICHAŁ DZIUBINSKI

Rockstone Surfacing Limited

Statement of Changes in Equity for the Year Ended 31 August 2017

	Share capital £	Profit and loss account £	Total £
At 1 September 2016	100	4,262,866	4,262,966
Profit for the year	-	434,472	434,472
Total comprehensive income	-	434,472	434,472
Dividends	-	(153,600)	(153,600)
At 31 August 2017	100	4,543,738	4,543,838
	Share capital £	Profit and loss account £	Total £
At 1 September 2015	100	4,101,089	4,101,189
Profit for the year	-	685,376	685,376
Total comprehensive income	-	685,376	685,376
Dividends	-	(523,600)	(523,600)
At 31 August 2016	100	4,262,865	4,262,965

The notes on pages 13 to 25 form an integral part of these financial statements.

Rockstone Surfacing Limited

Statement of Cash Flows for the Year Ended 31 August 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Profit for the year		434,472	685,376
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	309,129	340,798
Profit on disposal of tangible assets		-	(30)
Finance income	6	(933)	(15,129)
Finance costs	7	7,993	15,899
Income tax expense	11	108,949	225,058
		<u>859,610</u>	<u>1,251,972</u>
Working capital adjustments			
Decrease in stocks		-	2,500
(Increase)/decrease in trade debtors	15	(993,250)	303,551
Increase in trade creditors	17	288,851	235,885
		<u>155,211</u>	<u>1,793,908</u>
Cash generated from operations			
Income taxes paid	11	(213,391)	(210,366)
		<u>(58,180)</u>	<u>1,583,542</u>
Cash flows from investing activities			
Interest received	6	933	15,129
Acquisitions of tangible assets		(177,282)	(175,838)
Proceeds from sale of tangible assets		-	30
Acquisition of investment properties		(843,436)	(294,169)
		<u>(1,019,785)</u>	<u>(454,848)</u>
Net cash flows from investing activities			
Cash flows from financing activities			
Interest paid	7	(7,993)	(15,899)
Repayment of other borrowing		(69,822)	(155,431)
Dividends paid	22	(153,600)	(523,600)
		<u>(231,415)</u>	<u>(694,930)</u>
Net cash flows from financing activities			
Net (decrease)/increase in cash and cash equivalents		(1,309,380)	433,764
Cash and cash equivalents at 1 September		<u>2,244,099</u>	<u>1,810,335</u>
Cash and cash equivalents at 31 August		<u><u>934,719</u></u>	<u><u>2,244,099</u></u>

The notes on pages 13 to 25 form an integral part of these financial statements.

Rockstone Surfacing Limited

Notes to the Financial Statements for the Year Ended 31 August 2017

1 General information

The company is a private company limited by share capital, incorporated in England.

The address of its registered office is:

Central Trading Estate

Signal Way

Swindon

SN3 1PD

The principal activity of the company is disclosed in the Strategic Report.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

These financial statements were prepared in accordance with Companies Act 2006 and with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The company recognises revenue when:

The amount of revenue can be reliably measured;

it is probable that future economic benefits will flow to the entity;

and specific criteria have been met for each of the company's activities.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Rockstone Surfacing Limited

Notes to the Financial Statements for the Year Ended 31 August 2017

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Freehold land	Not depreciated
Freehold buildings	2% straight line basis
Plant and machinery	20% straight line basis
Motor vehicles	20% straight line basis
Office equipment	20% straight line basis

Investment property

Investment property is carried at fair value, derived from the current market prices for comparable real estate determined annually by external valuers. The valuers use observable market prices, adjusted if necessary for any difference in the nature, location or condition of the specific asset. Changes in fair value are recognised in profit or loss.

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised over its useful life, which has been estimated to be ten years.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Goodwill	10% straight line basis

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Rockstone Surfacing Limited

Notes to the Financial Statements for the Year Ended 31 August 2017

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

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

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Rockstone Surfacing Limited

Notes to the Financial Statements for the Year Ended 31 August 2017

Financial instruments

Classification

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2017	2016
	£	£
Sale of goods	<u>10,893,012</u>	<u>10,786,613</u>

4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2017	2016
	£	£
Rent receivable	<u>23,161</u>	<u>2,956</u>

Rockstone Surfacing Limited

Notes to the Financial Statements for the Year Ended 31 August 2017

5 Operating profit

Arrived at after charging/(crediting)

	2017 £	2016 £
Depreciation expense	281,254	285,048
Amortisation expense	27,875	55,750
Profit on disposal of property, plant and equipment	<u>-</u>	<u>(30)</u>

6 Other interest receivable and similar income

	2017 £	2016 £
Interest income on bank deposits	<u>933</u>	<u>15,129</u>

7 Interest payable and similar expenses

	2017 £	2016 £
Interest on obligations under finance leases and hire purchase contracts	<u>7,993</u>	<u>15,899</u>

8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2017 £	2016 £
Wages and salaries	2,112,641	2,072,994
Social security costs	185,725	205,938
Other short-term employee benefits	9,087	8,767
Pension costs, defined contribution scheme	9,981	16,187
Other employee expense	<u>53,623</u>	<u>33,582</u>
	<u>2,371,057</u>	<u>2,337,468</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2017 No.	2016 No.
Production	47	44
Administration and support	10	10
Other departments	<u>4</u>	<u>4</u>
	<u>61</u>	<u>58</u>

Rockstone Surfacing Limited

Notes to the Financial Statements for the Year Ended 31 August 2017

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2017	2016
	£	£
Remuneration	11,760	16,552
Contributions paid to money purchase schemes	-	4,802
	<u>11,760</u>	<u>21,354</u>

10 Auditors' remuneration

	2017	2016
	£	£
Audit of the financial statements	<u>6,680</u>	<u>4,000</u>

Rockstone Surfacing Limited

Notes to the Financial Statements for the Year Ended 31 August 2017

11 Taxation

Tax charged/(credited) in the income statement

	2017 £	2016 £
Current taxation		
UK corporation tax	131,110	213,408
UK corporation tax adjustment to prior periods	<u>(19)</u>	<u>(657)</u>
	131,091	212,751
Deferred taxation		
Arising from origination and reversal of timing differences	<u>(22,142)</u>	<u>12,307</u>
Tax expense in the income statement	<u>108,949</u>	<u>225,058</u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2016 - the same as the standard rate of corporation tax in the UK) of 19.58% (2016 - 20%).

The differences are reconciled below:

	2017 £	2016 £
Profit before tax	<u>543,421</u>	<u>910,434</u>
Corporation tax at standard rate	106,402	182,087
Effect of expense not deductible in determining taxable profit (tax loss)	3,162	3,661
Tax increase (decrease) from effect of capital allowances and depreciation	(601)	39,967
Other tax effects for reconciliation between accounting profit and tax expense (income)	<u>(14)</u>	<u>(657)</u>
Total tax charge	<u>108,949</u>	<u>225,058</u>

Deferred tax

Deferred tax assets and liabilities

	Liability £
2017	
Difference between accumulated depreciation and capital allowances	<u>108,573</u>
2016	
Difference between accumulated depreciation and capital allowances	<u>130,715</u>

Rockstone Surfacing Limited

Notes to the Financial Statements for the Year Ended 31 August 2017

12 Intangible assets

	Goodwill £	Total £
Cost or valuation		
At 1 September 2016	300,000	300,000
At 31 August 2017	300,000	300,000
Amortisation		
At 1 September 2016	77,000	77,000
Amortisation charge	27,875	27,875
At 31 August 2017	104,875	104,875
Carrying amount		
At 31 August 2017	195,125	195,125
At 31 August 2016	223,000	223,000

13 Tangible assets

	Land and buildings £	Furniture, fittings and equipment £	Motor vehicles £	Other tangible assets £
Cost or valuation				
At 1 September 2016	309,151	142,346	650,838	1,759,155
Additions	-	-	60,766	116,516
At 31 August 2017	309,151	142,346	711,604	1,875,671
Depreciation				
At 1 September 2016	136,533	141,337	400,082	1,408,662
Charge for the year	3,092	1,008	103,102	174,055
At 31 August 2017	139,625	142,345	503,184	1,582,717
Carrying amount				
At 31 August 2017	169,526	1	208,420	292,954
At 31 August 2016	172,618	1,009	250,756	350,493

Rockstone Surfacing Limited

Notes to the Financial Statements for the Year Ended 31 August 2017

	Total £
Cost or valuation	
At 1 September 2016	2,861,490
Additions	<u>177,282</u>
At 31 August 2017	<u>3,038,772</u>
Depreciation	
At 1 September 2016	2,086,614
Charge for the year	<u>281,257</u>
At 31 August 2017	<u>2,367,871</u>
Carrying amount	
At 31 August 2017	<u>670,901</u>
At 31 August 2016	<u>774,876</u>
The carrying value of freehold land was £154,575 (2015 - £ 154,575).	

Included within the net book value of land and buildings above is £169,526 (2016 - £172,617) in respect of freehold land and buildings.

Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2017 £	2016 £
Other plant and equipment	47,093	112,040
Motor vehicles	<u>56,271</u>	<u>125,976</u>
	<u>103,364</u>	<u>238,016</u>

14 Investment properties

	2017 £
At 1 September	294,169
Additions	<u>843,436</u>
At 31 August	<u>1,137,605</u>

The investment property was newly acquired and the acquisition cost was deemed to be the fair value.

There has been no valuation of investment property by an independent valuer.

Rockstone Surfacing Limited

Notes to the Financial Statements for the Year Ended 31 August 2017

15 Debtors

	2017 £	2016 £
Trade debtors	3,610,013	2,809,541
Other debtors	262,199	191,128
Prepayments	971	11,745
Accrued income	132,481	-
	<u>4,005,664</u>	<u>3,012,414</u>
Less non-current portion	-	(6,164)
Total current trade and other debtors	<u>4,005,664</u>	<u>3,006,250</u>

Details of non-current trade and other debtors

£Nil (2016 -£6,164) of Trade debtors is classified as non current. Non current trade debtors are made up of retentions receivable after a contractually defined maintenance period.

Rockstone Surfacing Limited

Notes to the Financial Statements for the Year Ended 31 August 2017

16 Cash and cash equivalents

	2017 £	2016 £
Cash on hand	374	32
Cash at bank	947,369	2,259,362
	947,743	2,259,394
Bank overdrafts	(13,024)	(15,295)
Cash and cash equivalents in statement of cash flows	934,719	2,244,099

17 Creditors

	Note	2017 £	2016 £
Due within one year			
Loans and borrowings	21	51,549	106,509
Trade creditors		1,952,518	1,546,809
Social security and other taxes		65,378	60,196
Other payables		34,586	10,413
Accrued expenses		57,264	203,477
Income tax liability	11	131,110	213,410
		2,292,405	2,140,814
Due after one year			
Loans and borrowings	21	12,222	29,359

18 Deferred tax and other provisions

	Deferred tax £	Total £
At 1 September 2016	130,715	130,715
Provisions used	(22,142)	(22,142)
At 31 August 2017	108,573	108,573

19 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £9,981 (2016 - £16,187).

Rockstone Surfacing Limited

Notes to the Financial Statements for the Year Ended 31 August 2017

20 Share capital

Allotted, called up and fully paid shares

	2017		2016	
	No.	£	No.	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:

All shares rank equally for voting rights

All shares rank equally for dividends

All shares rank equally for distributions including distributions on winding up

21 Loans and borrowings

	2017	2016
	£	£
Non-current loans and borrowings		
Finance lease liabilities	<u>12,222</u>	<u>29,359</u>

	2017	2016
	£	£
Current loans and borrowings		
Bank overdrafts	13,024	15,295
Finance lease liabilities	<u>38,525</u>	<u>91,214</u>
	<u>51,549</u>	<u>106,509</u>

22 Dividends

Interim dividends paid

	2017	2016
	£	£
Interim dividend of £1,536 (2016 - £5,236) per each ordinary share	<u>153,600</u>	<u>523,600</u>

Rockstone Surfacing Limited

Notes to the Financial Statements for the Year Ended 31 August 2017

23 Related party transactions

Key management compensation

	2017 £	2016 £
Salaries and other short term employee benefits	197,810	308,745
Post-employment benefits	<u>753</u>	<u>737</u>
	<u>198,563</u>	<u>309,482</u>

Dividends paid to directors

	2017 £	2016 £
S M Dziubinski		
Dividends paid	<u>76,800</u>	<u>261,800</u>
L J Dziubinski		
Dividend paid	<u>76,800</u>	<u>261,800</u>

24 Control

The company is controlled by the directors who own 100% of the called up share capital.