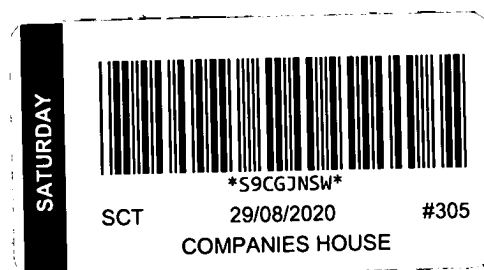


I & H Brown Limited

Registered No. SC 040891

Report and Financial Statements

1 September 2019



Directors

J H Brown
J S Brown
R M Brown
D H Brown
A Miller
D A Brown
A S Kenwell
R M Entwistle

Secretary

L M Campbell

Independent Auditors

Ernst & Young LLP
Citygate
St James' Boulevard
Newcastle upon Tyne NE1 4JD

Bankers

The Royal Bank of Scotland plc
Perth Chief Office
12 Dunkeld Road
Perth PH1 5RB

Solicitors

J R Stevenson & Marshall
41 East Port
Dunfermline
Fife KY12 7LG

Shepherd and Wedderburn
155 St Vincent Street
Glasgow G2 5NR

Registered Office

PO Box 51
Dunkeld Road
Perth PH1 3YD

Strategic report

The directors present their strategic report and the financial statements for the 52 weeks ended 1 September 2019.

Principal activities and review of the business

The principal activities of the group consist of Civil Engineering and Remediation, Energy, Property, Development, Plant Hire, Farming and Estate Management.

The directors monitor turnover, gross margin and working capital as their key performance indicators, as well as other measures to assess progress on contracts and developments. Turnover increased to £59,794,511 (53 weeks ended 2 September 2018 – £39,529,594) due largely to a greater number of higher revenue contracts delivered in the period. However, this generated a gross loss of £250,959 (53 weeks ended 2 September 2018 – £1,146,195 gross profit) due to losses on some key contracts following geographical expansion into new areas in England. As a result, management changes were implemented during the financial period, which has led to turnover from our Warrington office being reduced and greater control being exercised by our Scottish office team.

All loss making contracts are physically complete and where necessary, have been provided for in these accounts. Our civil engineering projects in Scotland have generally performed well.

Current workload in Scotland and England is profitable and progressing satisfactorily. Our order book is healthy in scale and nature. Strong management and an excellent reporting and control environment remain essential. We anticipate a positive result for the financial year ending on 30 August 2020 based on actual results for 11 months.

The group continues to engage in property development and currently visualise a strong sales pattern over the next few years to major house builders from a land bank with planning support for over 2,000 homes. Projects in Fife, Dundee and Falkirk have progressed and we are pleased to see the housing market showing continued growth.

The group's Slievenahanaghan wind farm in Northern Ireland, recently repowered, is producing energy.

The property business, Breckenridge Estates Rental Limited, continues to trade profitably and Breckenridge Lettings Limited is continuing to expand.

The group's working capital position is satisfactory with net current assets of £17,777,233 (2 September 2018 – £15,699,254) and the new financial period has shown an encouraging start.

In conclusion, we expect our market place to continue to be challenging. The volume of civil engineering work is expected to remain steady despite carrying out less work in England. We continue to make good progress in our development division where we anticipate an increasing number of projects coming to fruition. Finally, our business remains diversified and financially robust; this has proved to be helpful in the 2018/19 financial period.

Future developments

The directors anticipate no changes to the group's principal activities.

Principal risks and uncertainties

The group's principal financial instruments comprise cash, cash equivalents and loans. Other financial assets and liabilities, such as trade creditors and trade debtors, arise directly from the group's operating activities.

The main risks associated with the group's financial assets and liabilities are set out below.

Interest rate risk

The group invests surplus cash in a floating rate interest yielding bank deposit account and has access to a floating rate interest bearing overdraft facility. Term loans are entered into at floating interest rates. The group's interest income and expenses are therefore affected by movements in interest rates.

Strategic report

Principal risks and uncertainties (continued)

Credit risk

The group has external debtors; however, the group undertakes assessments of its customers in order to ensure that credit is not extended where there is a likelihood of default.

Liquidity risk

The group aims to mitigate liquidity risk by managing cash generated by its operations.

Cash Flow Risk

Cash flow risk is the risk of exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability. The group manages this risk, where significant, by use of cash flow forecasting and negotiating regular stage payment arrangements with customers.

Foreign currency risk

The group does not have any foreign currency transactions and therefore is not exposed to any foreign currency risk.

Brexit risk

The group does not trade outside the UK, but is exposed to Brexit related risk in its supply chain, both downwards in respect of the procurement of goods, services and labour and upwards in respect the group's customer's investment decisions. The group continues to monitor these risks and to take appropriate action to mitigate their effects on its business.

COVID-19 risk

In recent months, the outbreak of the Coronavirus (COVID-19) has detrimentally impacted both the global and UK economies. The group's civil engineering operations were paused in March 2020 in line with the COVID-19 lockdown restrictions implemented by the UK and Scottish Governments. However, by implementing COVID-19 Safe Operating Procedures, developed collaboratively by the construction industry and the UK and Scottish Governments, all sites resumed operations during May and June 2020 and continue to work at full operational capacity. Consequently, the directors have concluded that COVID-19 will have a minimal impact on the group's ability to remain operational in the long term, yet they remain alert to the risk of operations being disrupted by an outbreak at one of our offices or sites or by recurrent local, or even national, lockdowns. The group continues to monitor the complex risks posed by COVID-19 to its business and to take appropriate action to mitigate their effects.

On behalf of the Board



J S Brown
Director

26 August 2020

Registered No. SC 040891

Directors' report

The directors present their report and financial statements for the 52 weeks ended 1 September 2019.

Certain information, including principal activities, review of business and financial risks is not shown in the Directors' Report because it is shown in the strategic report instead under S414 C (11).

Results and dividends

The group profit for the period after taxation amounted to £566,526 (53 weeks ended 2 September 2018 – profit of £350,742). The directors do not recommend a final dividend (53 weeks ended 2 September 2018 – £nil). Interim dividends amounting to £nil (2018: £288,800) were paid during the period.

Going concern

The directors have performed an assessment of the company's ability to continue trading as a going concern, by reference to trading forecasts and financing requirements for a period of 12 months from the approval of these financial statements. The directors are satisfied that the going concern basis of preparation for these financial statements is appropriate.

Directors

The directors who served the company during the period and up to the date of signing these financial statements were as follows:

J H Brown (Chairman)
J S Brown (Managing Director)
R M Brown
D H Brown
A Miller
D A Brown
N Taylor (Resigned 1 March 2019)
A S Kenwell
R M Entwistle

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board



J S Brown
Director
26 August 2020

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' 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), including FRS 102 "The Financial Reporting standard applicable in the UK and the Republic of Ireland". 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 the 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 estimates that are reasonable and prudent;
- state whether applicable UK 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 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 the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of I & H Brown Limited

Opinion

We have audited the financial statements of I & H Brown Limited ('the parent company') and its subsidiaries (the 'group') for the 52 weeks ended 1 September 2019 which comprise the group Income Statement, the group Statement of Comprehensive Income, the group Statement of Changes in Equity, the company Statement of Changes in Equity, the group Statement of Financial Position, the company Statement of Financial Position, the group Statement of Cash Flows and the related notes 1 to 26, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the group's and of the parent company's affairs as at 1 September 2019 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 below. 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.

Emphasis of matter – Effects of COVID-19

We draw attention to note 1 and note 26 of the financial statements, which describes the potential financial and operational impact the group is facing as a result of COVID-19. Our opinion is not modified in respect of this matter.

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 group's or the parent 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.

Independent auditors' report

to the members of I & H Brown Limited

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.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 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.

Independent auditors' report

to the members of I & H Brown Limited

In preparing the financial statements, the directors are responsible for assessing the group's and the 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 the 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.

A further description of our responsibilities for the audit of the financial statements is located 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 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.



Richard Lingwood (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Newcastle upon Tyne

27 August 2020

Registered No. SC 040891

Group income statement

for the period ended 1 September 2019

		<i>52 weeks ended 1 September 2019</i>	<i>53 weeks ended 2 September 2018</i>
	<i>Notes</i>	<i>£</i>	<i>£</i>
Turnover	2	59,794,511	39,529,594
Cost of sales		(60,045,470)	(38,383,399)
Gross (loss)/profit		(250,959)	1,146,195
Administrative expenses		(2,369,423)	(1,966,263)
Other operating income	3	140,960	238,241
Operating loss	3	(2,479,422)	(581,827)
Profit on disposal of land and buildings		2,685,635	-
Profit on disposal of investments		60,897	2,211
Unrealised gain on revaluation of investment properties	8	13,000	524,220
Unrealised gain on revaluation of investments	9	44,359	391,553
Income from investments		18,525	41,100
Profit before interest and tax		342,994	377,257
Finance income		2,747	277
Finance costs	6	(166,146)	(100,971)
Profit before tax		179,595	276,563
Tax credit on profit	7	386,931	74,179
Profit for the financial period		<u>566,526</u>	<u>350,742</u>

All amounts relate to continuing activities.

Group statement of comprehensive income

for the period ended 1 September 2019

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £566,526 in the 52 weeks ended 1 September 2019 (53 weeks ended 2 September 2018 – profit of £350,742).

Statement of changes in equity

for the period ended 1 September 2019

<i>Group</i>	<i>Called up share capital</i> £	<i>Share premium account</i> £	<i>Non- distributable reserve</i> £	<i>Capital redemption reserve</i> £	<i>Profit and loss account</i> £	<i>Total</i> £
At 27 August 2017	72,200	147,349	7,223,957	2,000	39,272,165	46,717,671
Realised on prior period disposals	-	-	(4,843,296)	-	4,843,296	-
Profit retained for the period	-	-	524,220	-	(173,478)	350,742
Dividends	-	-	-	-	(288,800)	(288,800)
At 2 September 2018	72,200	147,349	2,904,881	2,000	43,653,183	46,779,613
Profit retained for the period	-	-	13,000	-	553,526	566,526
At 1 September 2019	72,200	147,349	2,917,881	2,000	44,206,709	47,346,139

<i>Company</i>	<i>Called up share capital</i> £	<i>Share premium account</i> £	<i>Non- distributable reserve</i> £	<i>Capital redemption reserve</i> £	<i>Profit and loss account</i> £	<i>Total</i> £
At 27 August 2017	72,200	147,349	6,565,200	2,000	39,265,330	46,052,079
Realised on prior period disposals	-	-	(4,843,296)	-	4,843,296	-
Profit retained for the period	-	-	785,000	-	(651,216)	133,784
Dividends	-	-	-	-	(288,800)	(288,800)
At 2 September 2018	72,200	147,349	2,506,904	2,000	43,168,610	45,897,063
Profit retained for the period	-	-	13,000	-	413,860	426,860
At 1 September 2019	72,200	147,349	2,519,904	2,000	43,582,470	46,323,923

Registered No. SC 040891

Group statement of financial position

at 1 September 2019

		1 September 2019	2 September 2018
	Notes	£	£
Fixed assets			
Tangible assets	8	32,781,832	34,124,587
Current assets			
Stocks	10	21,340,799	21,308,697
Debtors	11	18,894,962	13,774,699
Investments	9	1,065,648	1,233,180
Cash at bank and in hand		95,384	123,798
		41,396,793	36,440,374
Creditors: amounts falling due within one year	12	23,619,560	20,741,120
Net current assets		17,777,233	15,699,254
Total assets less current liabilities		50,559,065	49,823,841
Creditors: amounts falling due after more than one year	13	2,153,952	1,538,162
Provisions for liabilities	16	1,058,974	1,506,066
		3,212,926	3,044,228
Net assets		47,346,139	46,779,613
Capital and reserves			
Called up share capital	17	72,200	72,200
Share premium account	23	147,349	147,349
Non-distributable reserve	23	2,917,881	2,904,881
Capital redemption reserve	23	2,000	2,000
Profit and loss account		44,206,709	43,653,183
Shareholders' funds		47,346,139	46,779,613

These financial statements were approved by the Board of Directors on 26 August 2020 and signed on their behalf by:



J S Brown

Director

Parent company statement of financial position

at 1 September 2019

		1 September 2019	2 September 2018
	Notes	£	£
Fixed assets			
Tangible assets	8	19,868,794	21,209,484
Investments	9	1,322,343	1,322,443
		<u>21,191,137</u>	<u>22,531,927</u>
Current assets			
Stocks	10	21,587,269	21,555,167
Debtors	11	27,214,166	22,768,965
Investments	9	1,065,648	1,233,180
Cash at bank and in hand		450	462
		<u>49,867,533</u>	<u>45,557,774</u>
Creditors: amounts falling due within one year	12	<u>23,464,009</u>	<u>20,575,066</u>
Net current assets		<u>26,403,524</u>	<u>24,982,708</u>
Total assets less current liabilities		<u>47,594,661</u>	<u>47,514,635</u>
Creditors: amounts falling due after more than one year	13	238,127	109,239
Provisions for liabilities	16	<u>1,032,611</u>	<u>1,508,333</u>
		<u>1,270,738</u>	<u>1,617,572</u>
Net assets		<u>46,323,923</u>	<u>45,897,063</u>
Capital and reserves			
Called up share capital	17	72,200	72,200
Share premium account	23	147,349	147,349
Non-distributable reserve	23	2,519,904	2,506,904
Capital redemption reserve	23	2,000	2,000
Profit and loss account		<u>43,582,470</u>	<u>43,168,610</u>
Shareholders' funds		<u>46,323,923</u>	<u>45,897,063</u>

The company's profit for the period attributable to the shareholders is £426,860 (53 weeks ended 2 September 2018 – £133,784)

These financial statements were approved by the Board of Directors on 26 August 2020 and signed on their behalf by:



J S Brown
Director

Group statement of cash flows

for the period ended 1 September 2019

	52 weeks ended 1 September 2019	53 weeks ended 2 September 2018
Notes	£	£
Net cash outflow from operating activities	18(a) <u>(3,769,453)</u>	<u>(4,289,336)</u>
Investing activities		
Interest received	2,747	277
Payments to acquire tangible fixed assets and unlisted investments	(412,572)	(2,965,157)
Receipts from sales of tangible fixed assets	4,343,048	308,312
Purchase of investments held as liquid resources	(495,142)	(56,029)
Receipts from sales of investments held as liquid resources	767,930	394,611
Income from investments	18,525	41,100
Net cash flow from investing activities	<u>4,224,536</u>	<u>(2,276,886)</u>
Financing activities		
Repayments of capital element of finance leases	(548,895)	(302,301)
Equity dividends paid	-	(288,800)
Interest paid	(150,342)	(96,370)
Interest element of finance lease repayments	(15,804)	(4,601)
Receipts from new long-term borrowings	2,670,911	3,431,862
Repayments of long-term borrowings	(3,431,862)	-
Net cash flow from financing activities	<u>(1,475,992)</u>	<u>2,739,790</u>
Decrease in cash	<u>(1,020,909)</u>	<u>(3,826,432)</u>
Cash and cash equivalents at start of the period	18(b) <u>(962,912)</u>	<u>2,863,520</u>
Cash and cash equivalents at end of the period	18(b) <u>(1,983,821)</u>	<u>(962,912)</u>

Notes to the financial statements

at 1 September 2019

1. Accounting policies

Statement of compliance

I & H Brown Limited is a private limited liability company, limited by shares, incorporated in Scotland. The Registered Office is PO Box 51, Dunkeld Road, Perth, PH1 3YD.

The group's financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', as it applies to the financial statements of the Group for the period ended 1 September 2019.

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. Accounting policies are consistent across all subsidiaries within the group and all entities have coterminous financial years. The financial statements are prepared in GBP sterling, which is the functional currency of the group.

Period of financial statements

These financial statements cover a 52 week period from 2 September 2018 to 1 September 2019. The normal accounting year comprises 52 weeks ending on the Sunday nearest 31 August. Periodically a 53 week period is necessary to realign the accounting year with the calendar.

Group financial statements

The group financial statements group the financial statements of the company and its subsidiary undertakings for the 52 weeks ended 1 September 2019. The company has taken advantage of the exemption conferred by section 408 of the Companies Act 2006 and has presented no income statement.

The gains and losses arising in I&H Brown Limited was a profit of £426,860 (2018: £133,784)

In the parent company financial statements, investments in subsidiaries are accounted for at cost less impairment.

Judgements and key sources of estimation uncertainty

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the statement of financial position date, and the amounts reported for revenues and expenses during the period.

However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements and estimates have had the most significant effect on the financial statements:

Revenue recognition

The Group's activities include long term contracts. These contracts require estimates to be made for contract costs and revenues, of which the expected outcome of long term contractual obligations can span more than one period. Management bases its judgements of contract costs and revenues on the latest available information which included contract valuations. The amount of profit attributable to the stage of completion of a long-term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. This stage of completion method places importance on accurate estimates of the extent of progress towards completion and may involve estimates on the scope of service required for fulfilling the contractual obligation. These significant estimates include total contract costs, total contract revenues, contract risks and other judgements. Such changes in estimates, may lead to an increase or decrease in revenues. Full provision is made for all known or expected losses on individual contracts once such losses are foreseen.

Taxation

Judgement is required when determining the provision for taxes. Tax benefits are not recognised unless it is probable that the benefit will be obtained. Tax provisions are made if it is possible that a liability will arise. The company reviews each significant tax liability or benefit to assess the appropriate accounting treatment. Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future profits.

Notes to the financial statements

at 1 September 2019

1. Accounting policies (continued)

Development land

Judgement is required when determining the cost that is attributed to income realised on a sale of development land in the period. Costs attributed to a development land sale consist of both attributable costs incurred to the date of sale (work in progress) and a reasonable provision for future costs yet to be incurred in relation to the area of land sold, most notably Section 75 planning obligations.

Other significant accounting policies

Going concern

The directors have performed an assessment of the company's ability to continue trading as a going concern, by reference to trading forecasts and available facilities. In making this assessment, the Directors have considered the potential impact of the COVID-19 pandemic on the cash flows and liquidity of the group over the period to 30 September 2021.

The group has a secured pipeline of civil engineering contracts, for a period in excess of 12 months, with reputable, creditworthy counterparties who are deemed to pose limited credit risk. This will provide a stable income stream that is forecast to comfortably cover the group's operational cost base and allow it to meet its trading and other obligations for the foreseeable future out of cash reserves. In making this assessment the directors have only included cash receipts from contracts that are either signed or in very advanced stages of negotiation in their trading forecasts. Since the resumption of civil engineering operations under COVID-19 Safe Operating Procedures, there has been no disruption of supply or diminution in volumes, other than usual seasonal variations. Additionally, the group's operations extend beyond civil engineering and the diverse nature of these operations provides additional income security in the current climate.

Notwithstanding the stable nature of the group's operations, in assessing the going concern of the business, the directors have also considered the impact of the recent COVID-19 pandemic on the operations of the business. As a result of the extensive business continuity plans in place, in which a number of mitigating actions have already been implemented, primarily COVID-19 Safe Operating Procedures, the impact of COVID-19 on the group's ability to remain operational is considered to be minimal.

Whilst the directors do not expect any COVID-19 related shutdowns and there is no data to suggest such an impact is likely, shutdown scenarios and key sensitivities have been considered in the trading and cash flow forecasts. These include a delay to customer cash collection and a reduction in margin. The directors have considered the downside scenario and have a reasonable expectation that the group will be able to operate within the level of available facilities for the foreseeable future. In the unlikely event that this becomes difficult to achieve from continued trading, the group has a wide asset base that could be divested to allow it to continue operating within available funding facilities for the foreseeable future.

In conclusion, the directors are satisfied that the going concern basis of preparation for these financial statements is appropriate.

Investment properties

Certain of the group's properties are held for long term investment. Investment properties are recognised on the basis of Fair Value of the owner's interest, based on market value, as determined by the directors and periodically (most recently, as at 2 September 2018), by a professionally qualified, independent valuer. The surplus or deficit on revaluation is recognised in the income statement account accumulated in a non-distributable reserve. Where the deficit is below original cost, or its reversal on an individual investment property is expected to be permanent, it is recognised in the profit and loss reserve.

Tangible fixed assets

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life as follows:

Notes to the financial statements

at 1 September 2019

1. Accounting policies (continued)

Tangible fixed assets (continued)

Freehold buildings	–	50 years
Plant and machinery	–	3-5 years
Motor vehicles	–	5 years
Wind turbines	–	20 years

Certain of the group's freehold properties are not depreciated. In the opinion of the directors, given that residual values on freehold buildings are expected to be at least equal to their original cost any annual depreciation charge would not materially impact the results for the period.

Any premium paid over and above agricultural value for land and associated buildings with mineral extraction or wind farming potential, is written off where the necessary consents to exploit this potential have not been secured.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Investments

Fixed asset investments are stated at cost unless, in the opinion of the directors, there has been an impairment, in which case an appropriate adjustment is made.

Listed current investments are stated at market value, determined by their quoted share prices and the volume of shares held by the group.

Stocks

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value as follows:

Development land	–	purchase cost plus attributable expenses and development costs.
Spares and fuel	–	purchase cost on a first-in, first-out basis.
Farm stock	–	cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Costs incurred in relation to development activities are included in the statement of financial position in work in progress in so far as there is reasonable certainty over the outcome of the project. Otherwise, a provision is made against the recoverability of these costs.

Revenue recognition

Revenue is recognised to the extent that the group obtains the right to consideration in return for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised.

Sale of goods

Revenue from the sale of goods is recognised when substantially all of the risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the good, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from civil engineering division is recognised by reference to stage completion. Stage completion is measured by reference to costs incurred to date as a percentage of total expected costs for each contract.

Notes to the financial statements

at 1 September 2019

1. Accounting policies (continued)

Revenue recognition (continued)

Rendering of services (continued)

Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses that are recoverable.

In respect of speculative house building, revenue and profit is recognised on the sale of houses when, subject to the stage of completion of the development, the sales have been legally completed and after allocating total foreseen construction and site development costs to each unit.

Taxation

Tax is recognised in the income statements and represents the aggregate amount of current and deferred tax in the reporting period.

Current tax

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured as the amounts of tax expected to pay or recover using tax rates and law that have been enacted in the UK.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exception:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the statement of financial position date.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the statement of financial position and are depreciated over their useful lives.

The interest element of the rental obligations is charged to the income statement over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight-line basis over the lease term.

Pensions

The group operates two defined contribution pension schemes. Contributions are charged to the income statement as they become payable in accordance with the rules of the schemes.

Restoration and aftercare provisions

A provision is recognised when the group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Provision is made for the restoration and aftercare obligations in respect of a landfill site and a wind farm site.

Notes to the financial statements

at 1 September 2019

2. Turnover

Turnover comprises the invoiced value of goods and services supplied by the group exclusive of VAT and intra-group transactions. In respect of long-term contracts turnover comprises the sales value of work done, after appropriate measurement provisions, in the period. All turnover arises from activities in the United Kingdom.

The amount of group turnover attributable to each of the classes of continuing activity (unless otherwise stated) of the group is as follows:

	<i>52 weeks ended 1 September 2019 £</i>	<i>53 weeks ended 2 September 2018 £</i>
Plant hire, civil engineering and waste disposal	54,249,592	34,515,839
Farming and estate management	750,896	912,755
Rental income from investment property	1,175,525	1,146,832
Property development	<u>3,618,498</u>	<u>2,954,168</u>
	<u>59,794,511</u>	<u>39,529,594</u>

Within the above, revenue of £53,299,947 (2018: £32,795,016) was recognised from long term contracts.

3. Operating loss

This is stated after charging/(crediting):

	<i>52 weeks ended 1 September 2019 £</i>	<i>53 weeks ended 2 September 2018 £</i>
Auditors' remuneration – audit	56,100	52,980
– non-audit (accountancy)	2,500	2,883
– non-audit (taxation advisory)	2,500	9,250
– non-audit (taxation compliance)	<u>18,900</u>	<u>21,350</u>
Depreciation of owned tangible fixed assets	1,223,643	1,319,570
Depreciation of assets held under finance leases and hire purchase contracts	224,828	97,390
Restructuring costs	374,390	-
Profit on disposal of plant and machinery and motor vehicles	(137,409)	(230,248)
Sundry income	<u>(3,551)</u>	<u>(7,993)</u>
Operating lease rentals – plant and machinery	72,457	103,820
– land and buildings	<u>94,739</u>	<u>90,747</u>

Other operating income of £140,960 (2018: £238,241) is comprised of Profit on disposal of plant and machinery and motor vehicles and Sundry income. Restructuring costs were incurred in the process of rationalising the company's business in England, including the closure of its Exeter office.

Notes to the financial statements

at 1 September 2019

4. Directors' remuneration

	<i>52 weeks ended 1 September 2019 £</i>	<i>53 weeks ended 2 September 2018 £</i>
Remuneration	<u>1,075,498</u>	<u>883,118</u>
Contributions paid to money purchase pension schemes	<u>93,858</u>	<u>55,445</u>

The amounts in respect of the highest paid director are as follows:

	<i>52 weeks ended 1 September 2019 £</i>	<i>53 weeks ended 2 September 2018 £</i>
Remuneration	<u>277,394</u>	<u>163,941</u>
Contributions paid to money purchase pension schemes	<u>39,182</u>	<u>7,744</u>

The number of directors to whom retirement benefits are accruing in respect of qualifying services under:

	<i>52 weeks ended 1 September 2019 No.</i>	<i>53 weeks ended 2 September 2018 No.</i>
Money purchase schemes	<u>4</u>	<u>4</u>

Notes to the financial statements

at 1 September 2019

5. Staff costs

	<i>52 weeks ended 1 September 2019 £</i>	<i>53 weeks ended 2 September 2018 £</i>
Wages and salaries	10,269,433	9,438,584
Social security costs	1,096,290	1,004,347
Other pension costs	386,307	305,545
	<u>11,752,030</u>	<u>10,748,476</u>

The average monthly number of employees during the period was made up as follows:

	<i>No.</i>	<i>No.</i>
Management and administration	99	102
Drivers and operators	106	107
	<u>205</u>	<u>209</u>

6. Finance costs

	<i>52 weeks ended 1 September 2019 £</i>	<i>53 weeks ended 2 September 2018 £</i>
Bank interest	62,140	49,513
Finance charges payable under finance leases and hire purchase contracts	15,804	4,601
Loan interest	88,202	46,857
	<u>166,146</u>	<u>100,971</u>

Notes to the financial statements

at 1 September 2019

7. Tax

(a) Tax on profit

The tax credit is made up as follows:

	52 weeks ended 1 September 2019 £	53 weeks ended 2 September 2018 £
Current tax:		
UK corporation tax on the profit for the period	5,414	8,897
Adjustments in respect of previous periods	(302,329)	(23,829)
Total current tax	(296,915)	(14,932)
Deferred tax:		
Origination and reversal of timing differences	(276,217)	(77,618)
Adjustments in respect of previous periods	154,111	17,351
Effects of changes in the rate of tax	32,090	1,020
Total deferred tax (note 7(c))	(90,016)	(59,247)
Total tax on profit (note 7(b))	(386,931)	(74,179)

(b) Factors affecting the total tax credit for the period

The tax assessed for the period differs from the standard rate of corporation tax in the UK of 19% (53 weeks ended 2 September 2018 – 19%). The differences are explained below:

	52 weeks ended 1 September 2019 £	53 weeks ended 2 September 2018 £
Profit before tax	179,595	276,563
Profit multiplied by standard rate of corporation tax in the UK of 19% (53 weeks ended 2 September 2018 – 19%)	34,122	52,547
<i>Effects of:</i>		
Expenses not deductible	13,440	107,055
Income not taxable	(536,259)	(391,928)
Adjustments in respect of previous periods	(148,218)	(6,478)
Chargeable gains and revaluations	217,894	163,605
Effects of changes in the rate of tax	32,090	1,020
Total tax for the period (note 7(a))	(386,931)	(74,179)

Notes to the financial statements

at 1 September 2019

7. Tax (continued)

(c) Deferred tax

Group

Deferred taxation provided in the financial statements is made up as follows:

	52 weeks ended 1 September 2019 £	53 weeks ended 2 September 2018 £
Capital allowances in advance of depreciation	547,094	482,383
Tax losses	(530,149)	(358,227)
Short-term timing differences	(88,833)	(106,028)
Deferred tax (asset)/liability (note 16)	<u>(71,888)</u>	<u>18,128</u>
		£
At 2 September 2018		18,128
Movement during the period (note 7(a))		<u>(90,016)</u>
At 1 September 2019		<u>(71,888)</u>

Company

Deferred taxation provided in the financial statements is made up as follows:

	52 weeks ended 1 September 2019 £	53 weeks ended 2 September 2018 £
Capital allowances in advance of depreciation	502,830	437,036
Tax losses	(512,248)	(310,613)
Short-term timing differences	(88,833)	(106,028)
Deferred tax (asset)/liability (note 16)	<u>(98,251)</u>	<u>20,395</u>
		£
At 2 September 2018		20,395
Movement during the period		<u>(118,646)</u>
At 1 September 2019		<u>(98,251)</u>

Notes to the financial statements

at 1 September 2019

7. Tax (continued)

(d) Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 20% to 19% was substantively enacted on 26 October 2015 and was effective from 1 April 2017. A rate of 19% therefore applies to current period tax (53 weeks ended 2 September 2018 – 19%).

A further reduction to 17% (effective from 1 April 2020) was substantively enacted on 15 September 2016. A rate of 17% has therefore been applied to the deferred tax liability at the statement of financial position date.

8. Tangible fixed assets

Group	Freehold investment property	Leasehold improvements	Freehold land and buildings	Wind turbines	Motor vehicles	Plant and machinery	Total
	£	£	£	£	£	£	£
Cost or valuation:							
At 2 September 2018	21,125,000	18,797	7,993,514	1,891,006	2,467,533	15,020,259	48,516,109
Revaluation included in income statement	13,000	-	-	-	-	-	13,000
Additions	57,500	-	69,793	-	163,012	1,322,415	1,612,720
Disposals	-	-	(1,730,793)	-	(173,524)	(432,101)	(2,336,418)
At 1 September 2019	21,195,500	18,797	6,332,514	1,891,006	2,457,021	15,910,573	47,805,411
Depreciation:							
At 2 September 2018	-	3,859	1,109,214	90,410	1,538,536	11,649,503	14,391,522
Provided during the period	-	1,932	6,000	85,698	337,984	1,016,857	1,448,471
Disposals	-	-	(332,000)	-	(129,048)	(355,366)	(816,414)
At 1 September 2019	-	5,791	783,214	176,108	1,747,472	12,310,994	15,023,579
Net book value:							
At 1 September 2019	21,195,500	13,006	5,549,300	1,714,898	709,549	3,599,579	32,781,832
At 2 September 2018	21,125,000	14,938	6,884,300	1,800,596	928,997	3,370,756	34,124,587

Notes to the financial statements

at 1 September 2019

8. Tangible fixed assets (continued)

<i>Company</i>	<i>Freehold investment property</i> £	<i>Freehold land and buildings</i> £	<i>Wind turbines</i> £	<i>Motor vehicles</i> £	<i>Plant and machinery</i> £	<i>Total</i> £
Cost or valuation:						
At 2 September 2018	8,350,000	7,993,514	1,891,006	2,458,575	14,772,398	35,465,493
Revaluation included in income statement	13,000	-	-	-	-	13,000
Additions	30,953	69,793	-	152,954	1,322,415	1,576,115
Disposals	-	(1,730,793)	-	(164,566)	(432,101)	(2,327,460)
At 1 September 2019	8,393,953	6,332,514	1,891,006	2,446,963	15,662,712	34,727,148
Depreciation:						
At 2 September 2018	-	1,109,214	90,410	1,532,567	11,523,818	14,256,009
Provided during the period	-	6,000	85,698	336,103	983,946	1,411,747
Disposals	-	(332,000)	-	(122,036)	(355,366)	(809,402)
At 1 September 2019	-	783,214	176,108	1,746,634	12,152,398	14,858,354
Net book value:						
At 1 September 2019	8,393,953	5,549,300	1,714,898	700,329	3,510,314	19,868,794
At 2 September 2018	8,350,000	6,884,300	1,800,596	926,008	3,248,580	21,209,484

The group net book value of plant and machinery and motor vehicles above includes an amount of £1,346,932 (2 September 2018 – £515,234) in respect of assets held under finance leases and hire purchase contracts.

A revaluation of freehold farm land and buildings at 30 August 1996 was undertaken by the directors and incorporated into the financial statements to reflect the appreciation in the value of land in Scotland in previous periods.

The historical cost of freehold land and buildings included at valuation is as follows:

	<i>Group and Company</i> £
Cost:	
At 1 September 2019	5,034,761
At 2 September 2018	6,695,761

All investment properties are included at valuation. The investment properties have not been professionally valued in the current period instead they have been valued by the directors on the basis of offers received and prices being obtained for similar properties. The investment property portfolio is let where possible and as such it is all held for use in operating leases. An independent professional valuation was completed at the previous period end in accordance with the RICS Valuation - Global standards (July 2017).

Notes to the financial statements

at 1 September 2019

8. Tangible fixed assets (continued)

The historical cost of investment properties included at valuation is as follows:

	<i>Group</i> £	<i>Company</i> £
Cost:		
At 1 September 2019	<u>16,804,551</u>	<u>6,560,394</u>
At 2 September 2018	<u>16,747,051</u>	<u>6,529,441</u>

9. Investments

(a) Fixed asset investments

<i>Company</i>	<i>Subsidiary undertakings</i> £
At 1 September 2019	<u>1,322,343</u>
At 2 September 2018	<u>1,322,443</u>

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

<i>Name of company</i>	<i>Country of incorporation or registration</i>	<i>Nature of business</i>	<i>Proportion of ordinary shares held</i>
Breckenridge Estates Limited	Scotland	Holding company	100%
Breckenridge Estates Rental Limited*	England	Investment property	100%
Breckenridge Lettings Limited	England	Property management services	100%

* held by a subsidiary undertaking.

The registered office of the entity registered in Scotland is PO Box 51, Dunkeld Road, Perth, PH1 3YD.
The registered office of the entities registered in England is Knoll House, Knoll Road, Camberley, Surrey,
GU15 3SY.

Notes to the financial statements

at 1 September 2019

9. Investments (continued)

(b) Current asset investments

<i>Group and Company</i>	<i>Listed on the London stock exchange £</i>	<i>Unlisted £</i>	<i>Total £</i>
Market value:			
At 2 September 2018	874,657	358,523	1,233,180
Additions	495,142	-	495,142
Disposals	(707,033)	-	(707,033)
Unrealised gain on revaluation	44,359	-	44,359
At 1 September 2019	<u>707,125</u>	<u>358,523</u>	<u>1,065,648</u>

Listed investments comprise ordinary shares in Impax Asset Management Group plc and Springfield Properties plc. Unlisted investments comprise debenture holdings and shareholdings in Murrayfield and Hampden & Co plc respectively.

10. Stocks

	<i>1 September 2019 £</i>	<i>Group 2 September 2018 £</i>	<i>1 September 2019 £</i>	<i>Company 2 September 2018 £</i>
Development land in progress	20,994,134	20,734,872	21,240,604	20,981,342
Spares and fuels	97,066	139,720	97,066	139,720
Farm stock	249,599	434,105	249,599	434,105
	<u>21,340,799</u>	<u>21,308,697</u>	<u>21,587,269</u>	<u>21,555,167</u>

During the period £4,075,618 (2018: £1,906,862) was recognised as an expense through cost of sales.

11. Debtors

	<i>1 September 2019 £</i>	<i>Group 2 September 2018 £</i>	<i>1 September 2019 £</i>	<i>Company 2 September 2018 £</i>
Trade debtors	507,440	1,093,100	461,299	1,057,926
Amounts recoverable on contracts	7,104,839	6,910,202	7,104,839	6,910,202
Due from related companies (note 22)	-	15,003	-	15,003
Due from subsidiary undertakings	-	-	8,395,257	9,059,467
Other debtors	11,227,098	5,683,872	11,219,348	5,675,707
Prepayments	55,585	72,522	33,423	50,660
	<u>18,894,962</u>	<u>13,774,699</u>	<u>27,214,166</u>	<u>22,768,965</u>

Retentions of £3,393,961 (2 September 2018 – £3,136,957), which are due in more than one year, are included within amounts recoverable on contracts.

Notes to the financial statements

at 1 September 2019

12. Creditors: amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	<i>1 September</i>	<i>2 September</i>	<i>1 September</i>	<i>2 September</i>
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	£	£	£	£
Bank overdraft	2,079,205	1,086,710	2,079,205	1,086,710
Bank loan (note 14)	77,806	59,139	-	-
Other loans (notes 14 and 22)	685,000	1,943,800	685,000	1,943,800
Trade creditors	6,946,041	7,410,482	6,937,759	7,415,809
Other taxes and social security costs	572,136	657,543	556,252	642,129
Accruals and deferred income	12,869,591	9,483,778	12,826,192	9,405,092
Other creditors	70,681	108,059	67,566	106,635
Corporation tax	(386,915)	(199,761)	(392,329)	(208,659)
Obligations under finance leases and hire purchase agreements (note 15)	706,015	191,370	704,364	183,550
	<u>23,619,560</u>	<u>20,741,120</u>	<u>23,464,009</u>	<u>20,575,066</u>

The bank overdraft and loan are secured against certain freehold investment properties. The bank loan is secured against investment properties with a carrying value of £3,275,000 and is repayable within five years. The other loans are unsecured and repayable on demand.

13. Creditors: amounts falling due after more than one year

	<i>Group</i>		<i>Company</i>	
	<i>1 September</i>	<i>2 September</i>	<i>1 September</i>	<i>2 September</i>
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	£	£	£	£
Obligations under finance leases and hire purchase agreements (note 15)	245,847	109,239	238,127	109,239
Bank loan (note 14)	1,908,105	1,428,923	-	-
	<u>2,153,952</u>	<u>1,538,162</u>	<u>238,127</u>	<u>109,239</u>

14. Loans

	<i>Group</i>		<i>Company</i>	
	<i>1 September</i>	<i>2 September</i>	<i>1 September</i>	<i>2 September</i>
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	£	£	£	£
Amounts falling due:				
Within one year or on demand	762,806	2,002,939	685,000	1,943,800
In two to five years	1,908,105	1,428,923	-	-
	<u>2,670,911</u>	<u>3,431,862</u>	<u>685,000</u>	<u>1,943,800</u>
Less: included in Creditors: amounts falling due within one year (note 12)	(762,806)	(2,002,939)	(685,000)	(1,943,800)
	<u>1,908,105</u>	<u>1,428,923</u>	<u>-</u>	<u>-</u>

Notes to the financial statements

at 1 September 2019

14. Loans (continued)

The bank loan is secured against certain freehold investment properties and repayable within five years. The other loans are unsecured and repayable on demand.

15. Obligations under finance leases and hire purchase contracts

Finance leases and hire purchase contracts are analysed as follows:

	<i>Group</i>		<i>Company</i>	
	<i>1 September 2019</i>	<i>2 September 2018</i>	<i>1 September 2019</i>	<i>2 September 2018</i>
	£	£	£	£
Within one year (note 12)	706,015	191,370	704,364	183,550
In two to five years (note 13)	245,847	109,239	238,127	109,239
	<u>951,862</u>	<u>300,609</u>	<u>942,491</u>	<u>292,789</u>

The finance lease and hire purchase contracts at 1 September 2019 attract variable interest which is payable separately on the balance of capital outstanding. As such, the amounts payable at 1 September 2019 do not include a liability for finance charges.

16. Provisions for liabilities

	<i>Group</i>		<i>Company</i>	
	<i>1 September 2019</i>	<i>2 September 2018</i>	<i>1 September 2019</i>	<i>2 September 2018</i>
	£	£	£	£
Deferred taxation (note 7(c))	(71,888)	18,128	(98,251)	20,395
Restoration and aftercare provisions	1,130,862	1,487,938	1,130,862	1,487,938
	<u>1,058,974</u>	<u>1,506,066</u>	<u>1,032,611</u>	<u>1,508,333</u>

Provision is made for the restoration and aftercare obligations in respect of a landfill site and a wind farm site.

The movement in the period in restoration and aftercare provision can be summarised as follows:

	<i>Group and Company</i>
	£
At 2 September 2018	1,487,938
Unwinding of landfill restoration and aftercare provision	(67,896)
Reversal of unused landfill restoration and aftercare provision	(289,180)
At 1 September 2019	<u>1,130,862</u>

The landfill provision covers the ongoing costs of restoration and aftercare of a landfill site that requires to be maintained until 2046. The wind farm provision covers the projected cost of dismantling the turbine and making good the site upon de-commissioning of the turbine in 2037.

Notes to the financial statements

at 1 September 2019

17. Issued share capital

	<i>1 September 2019</i>		<i>2 September 2018</i>	
<i>Allotted, called up and fully paid</i>	<i>No.</i>	<i>£</i>	<i>No.</i>	<i>£</i>
Ordinary shares of £1 each	72,200	<u>72,200</u>	72,200	<u>72,200</u>

18. Notes to the statement of cash flows

(a) Reconciliation of group profit to net cash flow from operating activities

	<i>52 weeks ended 1 September 2019 £</i>	<i>53 weeks ended 2 September 2018 £</i>
Group profit for the period	179,595	276,563
Depreciation	1,448,471	1,416,960
Profit on disposal of tangible fixed assets	(2,823,044)	(230,248)
Profit on disposal of investments	(60,897)	(2,211)
Unrealised gain on revaluation of investments	(44,359)	(391,553)
Unrealised gain on revaluation of investment properties	(13,000)	(524,220)
Net finance costs	163,399	100,694
Income from investments	(18,525)	(41,100)
(Increase)/decrease in debtors	(5,120,263)	215,102
Increase in stocks and work in progress	(32,102)	(3,589,783)
Increase/(decrease) in creditors	2,798,587	(1,051,867)
Decrease in provisions	(357,076)	(209,980)
Taxation	109,761	(257,693)
Net cash outflow from operating activities	<u>(3,769,453)</u>	<u>(4,289,336)</u>

(b) Cash and cash equivalents

	<i>Group</i>		<i>Company</i>	
	<i>1 September 2019 £</i>	<i>2 September 2018 £</i>	<i>1 September 2019 £</i>	<i>2 September 2018 £</i>
Cash at bank	95,384	123,798	450	462
Bank overdraft	<u>(2,079,205)</u>	<u>(1,086,710)</u>	<u>(2,079,205)</u>	<u>(1,086,710)</u>
	<u>(1,983,821)</u>	<u>(962,912)</u>	<u>(2,078,755)</u>	<u>(1,086,248)</u>

Notes to the financial statements

at 1 September 2019

19. Pensions

The company operates two defined contribution pension schemes for its employees. The assets of the schemes are held separately from those of the company in independently administered funds. The unpaid contributions outstanding at the period end, included in other creditors are £60,411 (2 September 2018 – £42,881).

20. Other financial commitments

The group had annual commitments under non-cancellable operating leases as set out below:

	1 September 2019		2 September 2018	
	<i>Land and buildings</i>	<i>Plant and machinery</i>	<i>Land and buildings</i>	<i>Plant and machinery</i>
	£	£	£	£
Future minimum rentals payable under non-cancellable operating leases are as follows:				
Within one year	70,071	44,420	69,541	79,596
In two to five years	203,308	24,614	242,387	74,004
Over five years	46,500	-	77,500	-
	<u>319,879</u>	<u>69,034</u>	<u>389,428</u>	<u>153,600</u>

21. Contingent liabilities

- The group bankers hold a bond and floating charge for all monies of the group as security over the group overdraft facilities in support of a cross-guarantee between group companies.
- At the period end, the company's bankers provided, with recourse to the company, guarantees under performance bonds amounting to £60,000 (2 September 2018 – £355,611).
- At the period end, the company's insurers provided, with recourse to the company, guarantees under performance bonds amounting to £5,911,441 (2 September 2018 – £5,660,036).

22. Related party transactions

No amounts were due at the period end from Ian Brown and Sons (2 September 2018 – £9,741), a business connected to D H Brown and R M Brown by virtue of a close family relationship nor from Fordoun Estates Limited (2 September 2018 – £5,262), a company under common control.

No amounts were due at the period end in respect of loans received from the directors' FURBS trusts (2 September 2018 – £1,943,800). The loans were unsecured, extended on standard commercial terms, repayable on demand and were repaid in the period. Interest amounting to £21,408 (2 September 2018 – £37,764) was paid in respect of these loans in the period. Additionally during the period, £86,441 (2 September 2018 – £86,779) of rental payments were made to the directors' FURBS trusts.

An amount of £685,000 (2 September 2018 – £nil) was due payable at the period end in respect of loans received in the period from certain directors of the company and a non-director shareholder. The loans are unsecured, interest free and repayable on demand.

Key management personnel

Key management personnel are considered to be the members of the Board, who have authority and responsibility for planning, directing and controlling the activities of the group. The national insurance contributions paid on behalf of Directors, in addition to their remuneration disclosed in note 4, was £136,421 (2 September 2018 – £109,120).

Notes to the financial statements

at 1 September 2019

22. Related party transactions (continued)

The directors did not pay an interim dividend in the period (53 weeks ended 2 September 2018: £288,800) and do not recommend a final dividend (53 weeks ended 2 September 2018 – £nil).

23. Reserves

Share premium account

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Non-distributable reserve

This reserve records market value revaluations over cost of certain tangible fixed assets and investments.

Capital redemption reserve

This reserve records the nominal value of shares repurchased by the company.

24. Financial instruments

	<i>Group</i>		<i>Company</i>	
	<i>1 September</i>	<i>2 September</i>	<i>1 September</i>	<i>2 September</i>
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	£	£	£	£
<i>Financial assets measured at fair value through the income statement:</i>				
Investments	1,065,648	1,233,180	1,065,648	1,233,180
<i>Financial assets measured at amortised cost:</i>				
Debtors	18,894,962	13,774,699	27,214,166	22,768,965
<i>Financial liabilities measured at amortised cost:</i>				
Bank overdraft	(2,079,205)	(1,086,710)	(2,079,205)	(1,086,710)
Bank loan	(1,985,911)	(1,488,062)	-	-
Other loans	(685,000)	(1,943,800)	(685,000)	(1,943,800)
Finance leases and hire purchase contracts	(951,862)	(300,609)	(942,491)	(292,789)
Creditors and accruals	(20,458,449)	(17,659,862)	(20,387,769)	(17,569,665)

25. Ultimate parent undertaking and controlling party

In the opinion of the directors no individual stakeholder has outright control of the company.

Notes to the financial statements

at 1 September 2019

26. Post balance sheet events

The group has performed an assessment of the impact of COVID-19 on the potential financial and operational risks to the business. At the date of approval of these accounts, the key effects of COVID-19 on the group are as follows:

- Customer demand - in addition to a wide range of diversified income streams, for which demand remains strong, the group has a secured long-term pipeline of civil engineering contracts.
- Suppliers – we are in regular contact with our key suppliers and are currently maintaining continuity of supply of construction goods and services.
- Liquidity – as the majority of our income arises from ongoing trade with reputable, creditworthy customers, we are not experiencing any immediate liquidity impact as a result of the COVID-19 pandemic. As mentioned in Note 1, the group benefits from a wide asset base that could be divested to support the business going forward, if absolutely required.

Sensitivities have been applied to the group's underlying forecasts to account for the most severe impacts of the above. The directors, in light of these actual and potential impacts, remain satisfied that the group can continue to pay its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. COVID-19 is a non-adjusting post balance sheet event to the group, as it does not provide more information about circumstances that existed at the year end.