

Company registration number SC040891 (Scotland)

I. & H. BROWN LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 28 AUGUST 2022

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COMPANIES HOUSE

I. & H. BROWN LIMITED

COMPANY INFORMATION

Directors	J S Brown	
	R M Brown	
	D H Brown	
	D A Brown	
	E J Brown	(Appointed 1 January 2023)
	A Miller	
	A Kenwell	
	B Angus	(Appointed 1 January 2023)
	P Andrews	(Appointed 1 December 2021)

Secretary	L M Campbell
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Company number	SC040891
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Registered office	PO Box 51 Dunkeld Road Perth Perthshire PH1 3YD
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Auditor	Azets Audit Services Titanium 1 King's Inch Place Renfrew Renfrewshire United Kingdom PA4 8WF
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Solicitors	Shepherd and Wedderburn LLP 1 West Regent Street Glasgow United Kingdom G2 1RW
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	J R Stevenson & Marshall 41 East Port Dunfermline Fife United Kingdom KY12 7LG
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I. & H. BROWN LIMITED

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I. & H. BROWN LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 28 AUGUST 2022

The directors present the strategic report for the period ended 28 August 2022.

Fair 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, pre-tax profit and working capital as their key performance indicators, as well as other measures to assess progress on contracts and developments. Turnover decreased slightly to £78,946,663 (52 weeks ended 29 August 2021 – £79,848,424). The business generated a pre-tax profit of £3,498,785 (52 weeks ended 29 August 2021 – £3,107,178).

Our civil engineering projects in Scotland and England 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.

The group continues to engage in property development. We hope to conclude the sale of our Banknock site shortly and also conclude further sales at our Kingsway site in Dundee. We have made further progress with planning for sites in Fife and Perthshire where sales may happen within the current year.

The group's Slievenahanaghan wind farm in Northern Ireland continues to produce energy.

The residential property assets contributed income in line with expectations and Breckenridge Lettings Limited continued to produce a reasonable profit.

The group's working capital position is satisfactory with net current assets of £21,398,923 (29 August 2021 – £20,060,379) and this position endures in the new financial period.

In conclusion, we expect our market place to continue to be challenging. The volume of civil engineering work is expected to remain buoyant, particularly in the energy sector. We continue to make good progress in our development division where projects are coming to fruition. Finally, our business remains diversified and financially robust.

I. & H. BROWN LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 28 AUGUST 2022

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.

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.

Global economy risk

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

Future Developments

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

I. & H. BROWN LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 28 AUGUST 2022

Section 172 statement

Stakeholder engagement

Section 172 of the Companies Act 2006 requires a director of a group to act in the way he or she considers, in good faith, would most likely promote the success of the group for the benefit of its members as a whole. The directors of the group recognise the importance of, and the effect that different groups of stakeholders have, on the group and its success. As a result, the directors are careful to consider the effects of the group's actions on different groups of stakeholders when they make decisions. The directors primarily recognise the following groups of stakeholders when making decisions:

Customers

The directors recognise that customer relationships are critical to the success of the group. As the nature of the group's business often involves multi-year projects with significant capital investment, it is of paramount importance that the group maintains a positive relationship with its customers in order to win repeat business and maintain its highly regarded reputation within the civil engineering industry.

The group seeks to foster and maintain a positive working relationship with its customers through the implementation of high quality cost effective engineering solutions. These solutions aim to offer best cost to the customer, whilst delivering a quality end product. The directors along with representatives of the group meet regularly with customer representatives to assess the effectiveness of these solutions.

The group also seeks to improve its technological skills and knowledge for the benefit of its customers. This involves the group conducting regular research and development (R&D) assignments in order to identify novel engineering solutions to unique challenges that are encountered during projects. This process allows the group to better serve the needs of its customers thereby improving the customer's experience. The directors receive regular reports and updates on the status and outcomes of ongoing R&D assignments so that they are able to better direct the group's current and future R&D activities.

Suppliers

The directors recognise that the group's suppliers also play an important role in the success of the group. Receiving quality products and services in a timely, efficient and cost effective manner from suppliers has a positive effect on the group's delivery of projects and its ability to control costs.

The directors along with representatives of the group maintain strong relationships with key suppliers and regularly review their performance to better direct key purchasing decisions. These key purchasing decisions have resulted in the group being able to reduce its cost base on various projects which directly contributes to the success of the group.

Employees

The directors recognise that the group's employees are crucial to the long-term success of the group. It is important that the group maintains and improves upon the skill base of its employees as this will directly affect the day to day performance of the group. A properly trained workforce will enable the group to deliver high quality projects whilst making efficient use of its resources. The group seeks to identify the training needs of its employees through the use of regularly scheduled performance appraisals combined with budgeting for training needs on an annual basis.

The directors also want to encourage employee participation in the business as this leads to better employee retention which inevitably leads to a more skilled workforce which is better able to meet the ongoing requirements of the business. In order to promote employee participation, the directors positively encourage employees to suggest improvements to standard operating procedures that will be of benefit to the group. It is the directors' intention that this collaborative approach drives employee involvement and retention thereby improving the performance of the group.

I. & H. BROWN LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 28 AUGUST 2022

Communities

The group's operations are geographically dispersed, yet the directors recognise that each project and each group office is located within a local community. It is therefore important for the group to engage with local community representatives so as to maximise any potential positive outcomes and minimise any negative effects of the group's operations on these local communities. The directors believe that this engagement with local communities will help to improve awareness of the group's activities and its reputation, thereby improving the group's long-term prospects.


Environment

The directors recognise that the group must act in an environmentally responsible manner in all its business activities in order to protect and improve the reputation of the group. The group seeks to reduce its energy usage through technological improvements to reduce energy consumption in its operations. The group closely monitors the environmental impact of all its projects, so as to ensure an environmentally positive outcome. The directors believe that this proactive approach will mitigate the effect of the group's operations on the natural environment, thereby improving its reputation and long-term prospects.

Principal decisions

The directors consider principal decisions to be those decisions which are of key strategic importance to the group and affect one or more groups of stakeholders. The directors recognise that considering the impact on stakeholders in its decisions is key to the success of the group. Some examples of such principal decisions are the investment in its English civil engineering operations to ensure a strong geographic coverage for the group, the continued re-investment in the group's own fleet of earth moving heavy plant to win key contracts in Scotland and the ever diversifying nature of the business to create a strong and resilient balance sheet.

On behalf of the board



J S Brown
Director

24 January 2023

I. & H. BROWN LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 28 AUGUST 2022

The directors present their annual report and financial statements for the 52 week period ended 28 August 2022.

Certain information including the review of business and financial risks is not shown in the Directors' Report because it is shown in the strategic report instead under S414C (11).

Principal activities

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

Results and dividends

The results for the period are set out on page 12.

Ordinary dividends were paid amounting to £685,902 (2021 - £505,400). The directors do not recommend payment of a further dividend.

Directors

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

J S Brown	
R M Brown	
D H Brown	
D A Brown	
E J Brown	(Appointed 1 January 2023)
A Miller	
A Kenwell	
B Angus	(Appointed 1 January 2023)
P Andrews	(Appointed 1 December 2021)

Auditor

The auditor, Azets Audit Services, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Energy and carbon report

The SECR data requirements for unquoted 'large' Companies have been met and the energy consumption and emissions are reported below. This includes UK consumption of electricity, gas, and transport fuels where the group is responsible for the fuels. Scope 2 emissions from purchased electricity have been calculated using the location based approach only.

	2022	2021
	kWh	kWh
<i>Energy consumption</i>		
Aggregate of energy consumption in the period		
- Gas combustion	302,296	44,978
- Electricity purchased	224,560	221,649
- Fuel consumed for transport	44,666,914	59,176,962
- Other	260,034	220,547
	<u>45,453,804</u>	<u>59,664,136</u>

I. & H. BROWN LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 28 AUGUST 2022

	2022	2021
	metric tonnes	metric tonnes
<i>Emissions of CO2 equivalent</i>		
Scope 1 - direct emissions		
- Gas combustion	52.00	35.00
- Fuel consumed for owned transport	4,365.00	7,743.00
	<hr/>	<hr/>
	4,417.00	7,778.00
Scope 2 - indirect emissions		
- Electricity purchased	56.00	74.00
Scope 3 - other indirect emissions		
- Fuel consumed for transport not owned by the group	198.00	432.00
	<hr/>	<hr/>
Total gross emissions	4,671.00	8,284.00
	<hr/>	<hr/>
<i>Intensity ratio</i>		
CO2e per £million	59.17	103.75
	<hr/>	<hr/>

Quantification and reporting methodology

The group has followed the 2019 HM Government Environmental Reporting Guidelines. The group has also used the GHG Reporting Protocol – Corporate Standard and has used the 2020 UK Government's Conversion Factors for Company Reporting.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions (scope 1, 2 and 3) per annual sales revenue in tonnes CO2e per £million.

Measures taken to improve energy efficiency

When the group first developed its carbon management strategy back in 2008-09, it recognised that its emissions were going to be dependent upon operational activities, such as plant use on site, so that any progress would need to be explained in the context of business operations and growth.

Rather than absolute emissions, the group's ambition is to achieve relative reductions against identified business metrics in conjunction with a policy of replacing site plant and road vehicles with new fuel-efficient vehicles.

Statement of disclosure to auditor

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

Going concern

The group has a satisfactory level of financial resources together with a solid base of existing customers, and expertise in its field of operations. As a consequence the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future, and so continue to adopt the going concern basis of accounting in preparing the annual financial statements.

I. & H. BROWN LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 28 AUGUST 2022

On behalf of the board



J S Brown
Director

24 January 2023

I. & H. BROWN LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE PERIOD ENDED 28 AUGUST 2022

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

Company law requires the directors to prepare financial statements for each financial period. 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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

I. & H. BROWN LIMITED

INDEPENDENT AUDITOR'S 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 week period ended 28 August 2022 which comprise the group income statement, the group statement of comprehensive income, the group statement of financial position, the company statement of financial position, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 state of the group's and the parent company's affairs as at 28 August 2022 and of the group's profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

I. & H. BROWN LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF I. & H. BROWN LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the 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 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 is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

I. & H. BROWN LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF I. & H. BROWN LIMITED

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we 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. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

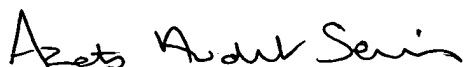
In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the entity through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. 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.

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.



Bernadette Higgins (Senior Statutory Auditor)
For and on behalf of Azets Audit Services

24 January 2023

Chartered Accountants
Statutory Auditor

Titanium 1
King's Inch Place
Renfrew
Renfrewshire
United Kingdom
PA4 8WF

I. & H. BROWN LIMITED

GROUP INCOME STATEMENT

FOR THE PERIOD ENDED 28 AUGUST 2022

		Period ended 28 August 2022 £	Period ended 29 August 2021 £
	Notes		
Turnover	3	78,946,663	79,848,424
Cost of sales		(73,486,235)	(74,492,789)
Gross profit		5,460,428	5,355,635
Administrative expenses		(2,046,579)	(2,330,067)
Other operating income		152,437	124,701
Operating profit	4	3,566,286	3,150,269
Income from investments		11,126	1,651
Other interest receivable and similar income		3,426	753
Other interest payable and similar expenses	8	(69,839)	(101,218)
Fair value gains on investment properties	12	245,000	22,000
Fair value (losses)/gains on current asset investments		(257,214)	33,723
Profit before taxation		3,498,785	3,107,178
Tax on profit	9	(64,283)	(601,656)
Profit for the financial period	26	3,434,502	2,505,522

I. & H. BROWN LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 28 AUGUST 2022

	Period ended 28 August 2022 £	Period ended 29 August 2021 £
Profit for the period	3,434,502	2,505,522
Other comprehensive income	-	-
Total comprehensive income for the period	<u>3,434,502</u>	<u>2,505,522</u>

Total comprehensive income for the period is all attributable to the owners of the parent company.

I. & H. BROWN LIMITED

GROUP STATEMENT OF FINANCIAL POSITION

AS AT 28 AUGUST 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Tangible assets	11	13,597,354		12,308,481	
Investment properties	12	21,723,000		21,288,000	
		<u>35,320,354</u>		<u>33,596,481</u>	
Current assets					
Stocks	16	17,583,784	19,003,149		
Debtors	17	22,374,552	19,679,678		
Investments	18	800,512	435,748		
Cash at bank and in hand		12,644,768	7,608,812		
		<u>53,403,616</u>	<u>46,727,387</u>		
Creditors: amounts falling due within one year	19	(32,004,693)	(26,667,008)		
Net current assets		<u>21,398,923</u>		<u>20,060,379</u>	
Total assets less current liabilities		<u>56,719,277</u>		<u>53,656,860</u>	
Creditors: amounts falling due after more than one year	20	(631,950)	(575,563)		
Provisions for liabilities					
Provisions	22	1,005,797	1,057,773		
Deferred tax liability	23	1,339,412	1,030,006		
		<u>(2,345,209)</u>	<u>(2,087,779)</u>		
Net assets		<u>53,742,118</u>		<u>50,993,518</u>	
Capital and reserves					
Called up share capital	25	72,200	72,200		
Share premium account	26	147,349	147,349		
Capital redemption reserve	26	2,000	2,000		
Non-distributable reserves	26	3,222,381	2,977,381		
Profit and loss reserves	26	50,298,188	47,794,588		
Total equity		<u>53,742,118</u>	<u>50,993,518</u>		

The financial statements were approved by the board of directors and authorised for issue on 24 January 2023 and are signed on its behalf by:


J S Brown
Director

I. & H. BROWN LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 28 AUGUST 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Tangible assets	11	12,963,729		12,292,469	
Investment properties	12	21,723,000		21,288,000	
Investments	13	1,322,343		1,322,343	
		<u>36,009,072</u>		<u>34,902,812</u>	
Current assets					
Stocks	16	17,583,784		19,084,703	
Debtors	17	22,855,510		19,648,505	
Investments	18	799,537		434,773	
Cash at bank and in hand		12,542,288		7,436,869	
		<u>53,781,119</u>		<u>46,604,850</u>	
Creditors: amounts falling due within one year	19	(35,072,800)		(29,710,900)	
Net current assets		<u>18,708,319</u>		<u>16,893,950</u>	
Total assets less current liabilities		<u>54,717,391</u>		<u>51,796,762</u>	
Creditors: amounts falling due after more than one year	20	(631,950)		(570,467)	
Provisions for liabilities					
Provisions	22	1,005,797		1,057,773	
Deferred tax liability	23	1,338,877		1,029,471	
		<u>(2,344,674)</u>		<u>(2,087,244)</u>	
Net assets		<u>51,740,767</u>		<u>49,139,051</u>	
Capital and reserves					
Called up share capital	25	72,200		72,200	
Share premium account	26	147,349		147,349	
Capital redemption reserve	26	2,000		2,000	
Non-distributable reserves	26	2,875,951		2,630,951	
Profit and loss reserves	26	48,643,267		46,286,551	
Total equity		<u>51,740,767</u>		<u>49,139,051</u>	

As permitted by S408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the period was £3,287,618 (52 week period to 29 August 2021 - £2,058,826).

I. & H. BROWN LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 28 AUGUST 2022

The financial statements were approved by the board of directors and authorised for issue on 24 January 2023 and are signed on its behalf by:



J S Brown
Director

Company Registration No. SC040891

I. & H. BROWN LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 28 AUGUST 2022

		Share capital	Share premium account	Capital redemption reserve	Non- distributable reserves	Profit and loss reserves	Total
	Notes	£	£	£	£	£	£
Balance at 31 August 2020		72,200	147,349	2,000	2,955,381	45,816,466	48,993,396
Period ended 29 August 2021:							
Profit and total comprehensive income for the period		-	-	-	-	2,505,522	2,505,522
Dividends	10	-	-	-	-	(505,400)	(505,400)
Transfers		-	-	-	-	(22,000)	(22,000)
Other movements		-	-	-	22,000	-	22,000
Balance at 29 August 2021		72,200	147,349	2,000	2,977,381	47,794,588	50,993,518
Period ended 28 August 2022:							
Profit and total comprehensive income for the period		-	-	-	-	3,434,502	3,434,502
Dividends	10	-	-	-	-	(685,902)	(685,902)
Transfers		-	-	-	-	(245,000)	(245,000)
Other movements		-	-	-	245,000	-	245,000
Balance at 28 August 2022		72,200	147,349	2,000	3,222,381	50,298,188	53,742,118

I. & H. BROWN LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 28 AUGUST 2022

	Share capital	Share premium account	Capital redemption reserve	Non- distributable reserves	Profit and loss reserves	Total
Notes	£	£	£	£	£	£
Balance at 31 August 2020	72,200	147,349	2,000	2,608,951	44,755,125	47,585,625
Period ended 29 August 2021:						
Profit and total comprehensive income for the period	-	-	-	-	2,058,826	2,058,826
Dividends	-	-	-	-	(505,400)	(505,400)
Transfers	-	-	-	-	(22,000)	(22,000)
Other movements	-	-	-	22,000	-	22,000
Balance at 29 August 2021	72,200	147,349	2,000	2,630,951	46,286,551	49,139,051
Period ended 28 August 2022:						
Profit and total comprehensive income for the period	-	-	-	-	3,287,618	3,287,618
Dividends	-	-	-	-	(685,902)	(685,902)
Transfers	-	-	-	-	(245,000)	(245,000)
Other movements	-	-	-	245,000	-	245,000
Balance at 28 August 2022	72,200	147,349	2,000	2,875,951	48,643,267	51,740,767

I. & H. BROWN LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 28 AUGUST 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash generated from operations	34	9,513,703		7,215,403	
Interest paid		(69,839)		(101,218)	
Net cash inflow from operating activities		<u>9,443,864</u>		<u>7,114,185</u>	
Investing activities					
Purchase of tangible fixed assets		(2,082,047)		(39,909)	
Proceeds on disposal of tangible fixed assets		180,865		184,345	
Purchase of investments		(621,978)		(2)	
Interest received		3,426		753	
Other income received from investments		11,126		1,651	
Net cash (used in)/generated from investing activities		<u>(2,508,608)</u>		<u>146,838</u>	
Financing activities					
Repayment of borrowings		-		(2,245,593)	
Payment of finance leases obligations		(1,213,398)		(1,032,564)	
Dividends paid to equity shareholders		(685,902)		(505,400)	
Net cash used in financing activities		<u>(1,899,300)</u>		<u>(3,783,557)</u>	
Net increase in cash and cash equivalents		<u>5,035,956</u>		<u>3,477,466</u>	
Cash and cash equivalents at beginning of period		<u>7,608,812</u>		<u>4,131,346</u>	
Cash and cash equivalents at end of period		<u><u>12,644,768</u></u>		<u><u>7,608,812</u></u>	

I. & H. BROWN LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 28 AUGUST 2022

1 Accounting policies

Company information

I. & H. Brown Limited ("the company") is a private company limited by shares domiciled and incorporated in Scotland. The registered office is PO Box 51, Dunkeld Road, Perth, Perthshire, PH1 3YD.

The group consists of I. & H. Brown Limited and all of its subsidiaries, details of which are included within note 14.

1.1 Reporting period

These financial statements cover a 52 week period from 30 August 2021 to 28 August 2022. The normal accounting period comprises 52 weeks ending on the Sunday nearest 31 August. Periodically a 53 week period is necessary to realign the accounting period with the calendar.

1.2 Accounting convention

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

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. Accounting policies are consistent across all subsidiaries within the group and all entities have coterminous financial periods. The principal accounting policies adopted are set out below.

1.3 Business combinations

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

I. & H. BROWN LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) **FOR THE PERIOD ENDED 28 AUGUST 2022**

1 Accounting policies

(Continued)

1.4 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company I. & H. Brown Limited together with all entities controlled by the parent company (its subsidiaries) for the 52 week period to 28 August 2022.

All financial statements are made up to 28 August 2022. The company has taken advantage of the exemption conferred by section 408 of the Companies Act 2006 and has presented no income statement. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

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

1.5 Going concern

The group has a satisfactory level of financial resources together with a solid base of existing customers, and expertise in its field of operations. As a consequence the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future, and so continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.6 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), 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.

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.

1.7 Tangible fixed assets

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

I. & H. BROWN LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 AUGUST 2022

1 Accounting policies

(Continued)

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

Land and buildings	50 years
Leasehold improvements	Straight line over the remaining life of the lease
Plant and machinery	3 - 5 years
Motor vehicles	5 years
Wind turbines	20 years

Freehold land is not depreciated.

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

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.8 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 a professionally qualified, independent valuer or by the net present value of future rental income received. The surplus or deficit on revaluation is recognised in the income statement and 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.

1.9 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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

1.10 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

I. & H. BROWN LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 AUGUST 2022

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.11 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.

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

1.12 Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting end date. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When costs incurred in securing a contract are recognised as an expense in the period in which they are incurred, they are not included in contract costs if the contract is obtained in a subsequent period.

The company shall determine the stage of completion of a transaction or contract through performing surveys of the work performed to date.

I. & H. BROWN LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 AUGUST 2022

1 Accounting policies

(Continued)

1.13 Cash and cash equivalents

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

1.14 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

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

I. & H. BROWN LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 28 AUGUST 2022

1 Accounting policies

(Continued)

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

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

1.15 Equity instruments

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

1.16 Taxation

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

Current tax

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

Deferred tax

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

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

I. & H. BROWN LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 AUGUST 2022

1 Accounting policies

(Continued)

1.17 Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.18 Employee benefits

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

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

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

1.19 Retirement benefits

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.

1.20 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. All other leases are classified as operating leases.

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

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

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.21 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

I. & H. BROWN LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 28 AUGUST 2022

1 Accounting policies

(Continued)

1.22 Current asset investments

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

1.23 Debtors

Short term debtors are measured at transaction price, less any impairment.

2 Judgements and key sources of estimation uncertainty

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

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

Long term contracts

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 includes 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 services 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.

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.

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.

Investment properties' valuation

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 a professionally qualified, independent valuer or by the net present value of future rental income received.

I. & H. BROWN LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 28 AUGUST 2022

3 Turnover

	2022 £	2021 £
Turnover analysed by class of business		
Civil engineering, plant hire and waste management	72,484,932	76,247,438
Farming and estate management	944,094	774,565
Rental income from investment property	1,448,987	1,453,217
Property development	4,068,650	1,373,204
	<u>78,946,663</u>	<u>79,848,424</u>

All turnover arises from activities in the United Kingdom.

Within the above, revenue of £71,506,309 (2021 - £75,716,013) was recognised from long term contracts.

4 Operating profit

	2022 £	2021 £
Operating profit for the period is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	1,280,824	953,230
Depreciation of tangible fixed assets held under finance leases	150,734	451,438
Profit on disposal of tangible fixed assets	(133,610)	(124,701)
Operating lease rentals - plant and machinery	28,997	43,684
Operating lease rentals - land and buildings	64,956	74,611
	<u>1,391,901</u>	<u>1,398,262</u>

5 Auditor's remuneration

	2022 £	2021 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	<u>37,500</u>	<u>55,500</u>
For other services		
Taxation compliance services	10,000	9,500
All other non-audit services	<u>4,125</u>	<u>3,316</u>
	<u>14,125</u>	<u>12,816</u>

I. & H. BROWN LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 28 AUGUST 2022

6 Employees

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

	2022 Number	2021 Number
Management and administration	97	95
Drivers and operators	113	117
Total	210	212

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	10,700,533	10,753,311
Social security costs	1,194,460	1,137,823
Pension costs	383,396	374,839
	12,278,389	12,265,973

7 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	966,642	944,703
Company pension contributions to defined contribution schemes	61,174	55,287
	1,027,816	999,990

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2021 - 3).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2022 £	2021 £
Remuneration for qualifying services	204,719	199,491

I. & H. BROWN LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 28 AUGUST 2022

8 Interest payable and similar expenses

	2022 £	2021 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	44,241	60,305
Other finance costs:		
Interest on finance leases and hire purchase contracts	25,598	40,913
Total finance costs	69,839	101,218
Disclosed on the income statement as follows:		
Other interest payable and similar expenses	69,839	101,218

9 Taxation

	2022 £	2021 £
Current tax		
Adjustments in respect of prior periods	(245,123)	-
Deferred tax		
Origination and reversal of timing differences	729,270	601,656
Adjustment in respect of prior periods	(419,864)	-
Total deferred tax	309,406	601,656
Total tax charge	64,283	601,656

I. & H. BROWN LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 28 AUGUST 2022

9 Taxation

(Continued)

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

	2022 £	2021 £
Profit before taxation	3,498,785	3,107,178
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	664,769	590,364
Tax effect of expenses that are not deductible in determining taxable profit	9,051	15,470
Tax effect of income not taxable in determining taxable profit	-	(10,403)
Adjustments in respect of prior periods	(245,123)	-
Other permanent differences	2,858	-
Deferred tax adjustments in respect of prior periods	(419,864)	-
Fixed assets differences	(120,318)	(30,314)
Other tax adjustments, reliefs and transfers	-	6,649
Exempt ABGH distributions	(2,114)	(314)
Remeasurement of deferred tax for changes in tax rates	175,024	30,204
Taxation charge	64,283	601,656

10 Dividends

	2022 Per share £	2021 Per share £	2022 Total £	2021 Total £
Recognised as distributions to equity holders:				
Ordinary shares				
Final paid	5.50	3.00	397,102	216,600
Interim paid	4.00	4.00	288,800	288,800
	9.50	7.00	685,902	505,400

I. & H. BROWN LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 28 AUGUST 2022

11 Tangible fixed assets

Restated

Group

	Land and buildings £	Leasehold improvements £	Plant and machinery £	Motor vehicles £	Wind turbines £	Total £
Cost or valuation						
At 30 August 2021 (restated)	6,162,330	18,797	18,042,919	2,565,965	1,891,006	28,681,017
Additions	761,614	-	1,853,718	342,354	-	2,957,686
Disposals	-	-	(491,720)	(192,812)	-	(684,532)
Transfers	(190,000)	-	-	-	-	(190,000)
At 28 August 2022	6,733,944	18,797	19,404,917	2,715,507	1,891,006	30,764,171
Depreciation and impairment						
At 30 August 2021 (restated)	737,063	9,655	13,317,008	1,961,306	347,504	16,372,536
Depreciation charged in the period	7,998	1,932	1,120,957	214,973	85,698	1,431,558
Eliminated in respect of disposals	-	-	(444,481)	(192,796)	-	(637,277)
At 28 August 2022	745,061	11,587	13,993,484	1,983,483	433,202	17,166,817
Carrying amount						
At 28 August 2022	5,988,883	7,210	5,411,433	732,024	1,457,804	13,597,354
At 29 August 2021	5,425,267	9,142	4,725,911	604,659	1,543,502	12,308,481

I. & H. BROWN LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 28 AUGUST 2022

11 Tangible fixed assets

(Continued)

Company	Land and buildings £	Plant and machinery £	Motor vehicles £	Wind turbines £	Total £
Cost or valuation					
At 30 August 2021	6,162,330	18,000,635	2,555,907	1,891,006	28,609,878
Additions	139,821	1,850,538	342,354	-	2,332,713
Disposals	-	(491,720)	(192,812)	-	(684,532)
Transfers	(190,000)	-	-	-	(190,000)
At 28 August 2022	6,112,151	19,359,453	2,705,449	1,891,006	30,068,059
Depreciation and impairment					
At 30 August 2021	737,063	13,276,406	1,956,436	347,504	16,317,409
Depreciation charged in the period	6,000	1,119,543	212,957	85,698	1,424,198
Eliminated in respect of disposals	-	(444,481)	(192,796)	-	(637,277)
At 28 August 2022	743,063	13,951,468	1,976,597	433,202	17,104,330
Carrying amount					
At 28 August 2022	5,369,088	5,407,985	728,852	1,457,804	12,963,729
At 29 August 2021	5,425,267	4,724,229	599,471	1,543,502	12,292,469

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Plant and machinery	1,403,702	2,152,702	1,403,702	2,152,702
Motor vehicles	19,788	27,204	16,616	22,016
	1,423,490	2,179,906	1,420,318	2,174,718

The group depreciation above includes an amount in respect of assets held under finance leases and hire purchase contracts of £150,734 (2021 - £451,438). The company depreciation above includes an amount in respect of assets held under finance leases and hire purchase contracts of £148,718 (2021 - £449,422).

The historical cost of freehold land and buildings included at valuation is £5,436,191 (2021 - £4,864,577).

I. & H. BROWN LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 28 AUGUST 2022

12 Investment property

	Group 2022 £	Company 2022 £
Fair value		
At 30 August 2021	21,288,000	21,288,000
Transfers from tangible fixed assets	190,000	190,000
Net gains from fair value adjustments	245,000	245,000
	<u>21,723,000</u>	<u>21,723,000</u>
At 28 August 2022	<u>21,723,000</u>	<u>21,723,000</u>

All investment properties, with the exception of one, are included at valuation, with these being professionally valued at 28 August 2022 by an independent valuer, Smart & Co Surveyors, in accordance with the RICS Valuation - Global standards (July 2017) on the basis of fair value of the owner's interest. The valuation methodology used was that of sales prices of similar properties and local market evidence, adjusting for location, size and condition of the properties. The investment property portfolio is let where possible and as such is all held for use in operating leases.

Hartside Wood is included on the basis of the net present value of future rentals discounted at a market rate. As there is a long term lease agreement with known payments in regards to this property, it is viewed by the directors that the net present value is the more appropriate method of stating this property's fair value.

If investment properties were stated on an historical cost basis rather than a fair value basis, the amounts would have been included as follows:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Cost	16,994,551	16,804,551	16,994,551	16,804,551
Accumulated depreciation	-	-	-	-
Carrying amount	<u>16,994,551</u>	<u>16,804,551</u>	<u>16,994,551</u>	<u>16,804,551</u>

13 Fixed asset investments

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Investments in subsidiaries	14	-	-	1,322,343	1,322,343

Movements in fixed asset investments Company

	Shares in subsidiaries £
Cost or valuation	
At 30 August 2021 and 28 August 2022	<u>1,322,343</u>

I. & H. BROWN LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 28 AUGUST 2022

14 Subsidiaries

Details of the company's subsidiaries at 28 August 2022 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Breckenridge Estates Limited	PO Box 51, Dunkeld Road, Perth, Perthshire, PH1 3YD	Ordinary shares	100.00
Breckenridge Lettings Limited	Knoll House, Knoll Road, Camberley, Surrey, GU15 3SY	Ordinary shares	100.00
Breckenridge Estates Rental Limited*	Knoll House, Knoll Road, Camberley, Surrey, GU15 3SY	Ordinary shares	100.00

*Held by a subsidiary undertaking

15 Financial instruments

	Group 2022 £	2021 £	Company 2022 £	2021 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	n/a	n/a	n/a	n/a
Instruments measured at fair value through profit or loss	800,512	435,748	799,537	434,773
Carrying amount of financial liabilities				
Measured at amortised cost	n/a	n/a	n/a	n/a

As permitted by the reduced disclosure framework within FRS 102, the company has taken advantage of the exemption from disclosing the carrying amount of certain classes of financial instruments, denoted by 'n/a' above.

16 Stocks

	Group 2022 £	2021 £	Company 2022 £	2021 £
Farm stock	620,390	238,562	620,390	238,562
Development land in progress	16,811,130	18,700,563	16,811,130	18,782,117
Spares and fuels	152,264	64,024	152,264	64,024
	17,583,784	19,003,149	17,583,784	19,084,703

During the period £3,707,576 (52 week period to 29 August 2021 - £1,558,879) was recognised as an expense through cost of sales.

I. & H. BROWN LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 AUGUST 2022

17 Debtors

	Group 2022 £	2021 £	Company 2022 £	2021 £
Trade debtors	1,472,660	1,267,651	1,441,538	1,228,441
Gross amounts owed by contract customers	7,739,000	8,904,536	7,739,000	8,904,536
Corporation tax recoverable	245,123	-	245,123	-
Amounts owed by group undertakings	-	-	526,315	22,237
Other debtors	12,839,679	9,484,571	12,831,929	9,476,438
Prepayments and accrued income	78,090	22,920	71,605	16,853
	<u>22,374,552</u>	<u>19,679,678</u>	<u>22,855,510</u>	<u>19,648,505</u>

Retentions of £2,953,961 (2021 - £2,991,661) which are due in more than one year, are included within gross amounts owed by contract customers.

18 Current asset investments

	Group 2022 £	2021 £	Company 2022 £	2021 £
Listed investments	441,989	77,225	441,014	76,250
Unlisted investments	358,523	358,523	358,523	358,523
	<u>800,512</u>	<u>435,748</u>	<u>799,537</u>	<u>434,773</u>

19 Creditors: amounts falling due within one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Obligations under finance leases	21	496,821	890,967	491,725	889,475
Trade creditors		12,765,683	12,931,849	12,759,603	12,929,556
Amounts owed to group undertakings		-	-	3,110,913	3,088,395
Other taxation and social security		1,281,237	1,317,815	1,264,678	1,299,538
Other creditors		566,496	280,525	565,070	278,758
Accruals and deferred income		16,894,456	11,245,852	16,880,811	11,225,178
		<u>32,004,693</u>	<u>26,667,008</u>	<u>35,072,800</u>	<u>29,710,900</u>

I. & H. BROWN LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 28 AUGUST 2022

20 Creditors: amounts falling due after more than one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Obligations under finance leases	21	631,950	575,563	631,950	570,467

21 Finance lease obligations

	Group 2022 £	2021 £	Company 2022 £	2021 £
Future minimum lease payments due under finance leases:				
Within one year	496,821	890,967	491,725	889,475
In two to five years	631,950	575,563	631,950	570,467
	<u>1,128,771</u>	<u>1,466,530</u>	<u>1,123,675</u>	<u>1,459,942</u>

The finance lease and hire purchase contracts at 28 August 2022 attract variable interest which is payable separately on the balance of capital outstanding. As such, the amounts payable at 28 August 2022 do not include a liability for finance charges.

The finance lease and hire purchase contracts are secured over the assets to which they relate.

22 Provisions for liabilities

	Group 2022 £	2021 £	Company 2022 £	2021 £
Restoration and aftercare provisions	1,005,797	1,057,773	1,005,797	1,057,773

Movements on provisions:

Group and company	Restoration and aftercare provision £
At 30 August 2021	1,057,773
Unwinding of landfill restoration and aftercare provision	(50,627)
Reinstatement of landfill restoration and aftercare provision	(1,349)
At 28 August 2022	<u>1,005,797</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.

I. & H. BROWN LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 28 AUGUST 2022

23 Deferred taxation

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

	Liabilities 2022 £	Liabilities 2021 £
Group		
Accelerated capital allowances	1,545,948	1,145,308
Tax losses	(182,425)	(98,420)
Short term timing differences	(24,111)	(16,882)
	<u>1,339,412</u>	<u>1,030,006</u>

	Liabilities 2022 £	Liabilities 2021 £
Company		
Accelerated capital allowances	1,545,413	1,144,773
Tax losses	(182,425)	(98,420)
Short term timing differences	(24,111)	(16,882)
	<u>1,338,877</u>	<u>1,029,471</u>

24 Retirement benefit schemes

	2022 £	2021 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>383,396</u>	<u>374,839</u>

The group operates two defined contribution pension schemes for its employees. The assets for the schemes are held separately from those of the group in independently administered funds. The unpaid contributions outstanding relating to the group as at 28 August 2022, included within other creditors, are £79,062 (2021 - £72,555).

25 Share capital

	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	<u>72,200</u>	<u>72,200</u>	<u>72,200</u>	<u>72,200</u>

I. & H. BROWN LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) **FOR THE PERIOD ENDED 28 AUGUST 2022**

26 Reserves

Share premium account

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

Capital redemption reserve

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

Non-distributable reserves

These reserves record the market value revaluations over cost of certain tangible fixed assets and investments.

Profit and loss reserves

These reserves include all current and prior period retained profits or losses.

27 Financial commitments, guarantees and contingent liabilities

At the period end, the company's bankers provided, with recourse to the company, guarantees under performance bonds amounting to £60,000 (29 August 2021 – £60,000).

At the period end, the company's insurers provided, with recourse to the company, guarantees under performance bonds amounting to £6,448,098 (29 August 2021 – £6,365,543).

I. & H. BROWN LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 28 AUGUST 2022

28 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

Land and Buildings

	2022 £	2021 £
Within one year	37,380	67,855
Between two and five years	149,520	108,500
In over five years	32,464	-
	<u>219,364</u>	<u>176,355</u>

Plant and machinery

	2022 £	2021 £
Within one year	6,038	7,009
Between two and five years	11,920	-
	<u>17,958</u>	<u>7,009</u>

Lessor

At the reporting end date the group had contracted with tenants for the following minimum lease payments:

Land and buildings

	2022 £	2021 £
Within one year	873,932	818,573
Between two and five years	1,413,911	1,373,484
In over five years	1,538,817	1,736,953
	<u>3,826,660</u>	<u>3,929,010</u>

I. & H. BROWN LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 28 AUGUST 2022

29 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Acquisition of tangible fixed assets	299,808	622,221	299,808	622,221

30 Contingent asset

The group made a claim against their insurance for the additional cost of working related to the Covid-19 pandemic. The insurers have accepted liability however the timing and quantum of the claim is uncertain, and thus it is most appropriately disclosed as a contingent asset.

31 Related party transactions

During the period the group supplied goods to Ian Brown and Sons, a business connected to D H Brown and R M Brown by virtue of a close family relationship, worth £10,852 (29 August 2021 - £7,165). During the period, Ian Brown and Sons made sales to the group of £5,397 (29 August 2021 - £583). At the period end, an amount of £6,086 was owed to Ian Brown and Sons (29 August 2021 - £12 due from Ian Brown and Sons).

During the period the group supplied goods to Fordoun Estates Limited, a company under common control, of £13,815 (29 August 2021 - £7,536). At the period end, an amount of £274 (29 August 2021 - £2,236) was due from Fordoun Estates Limited. During the period Fordoun Estates Limited made sales to the group of £3,750 (29 August 2021 - £nil).

During the period the company supplied goods to a director of £nil (29 August 2021 - £677).

During the period £95,086 (29 August 2021 - £86,441) of rental payments were made to the directors' FURBS trusts.

During the period, dividends declared in respect of directors were £538,033 (29 August 2021 - £396,445). At the period end, dividends approved but not yet paid in respect of directors were £373,791 (29 August 2021 - £158,578).

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 7, was £126,514 (29 August 2021 - £119,081).

32 Controlling party

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

33 Prior period adjustment

There has been a prior period adjustment made to the period ended 29 August 2021 financial statements. During the consolidation process it was noted that there was an adjustment required to correct the additions and disposals of plant and machinery fixed assets. The brought forward impact of plant and machinery's net book value is £nil, however, the cost brought forward is reduced by £165,145 to £18,042,919 and the accumulated depreciation brought forward is reduced by £165,145 to £13,317,008.

I. & H. BROWN LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 28 AUGUST 2022

34 Cash generated from group operations

	2022 £	2021 £
Profit for the period after tax	3,434,502	2,505,522
Adjustments for:		
Taxation charged	64,283	813,428
Finance costs	69,839	101,218
Investment income	(14,552)	(2,404)
Gain on disposal of tangible fixed assets	(133,610)	(124,701)
Fair value loss/(gain) on current asset investments	257,214	(33,723)
Fair value gain on investment properties	(245,000)	(22,000)
Depreciation and impairment of tangible fixed assets	1,431,558	1,404,668
(Decrease)/increase in provisions	(51,976)	48,755
Movements in working capital:		
Decrease/(increase) in stocks	1,419,365	(838,817)
Increase in debtors	(2,449,751)	(1,242,771)
Increase in creditors	5,731,831	4,606,228
Cash generated from operations	9,513,703	7,215,403

35 Analysis of changes in net funds - group

	30 August 2021 £	Cash flows £	New finance leases £	28 August 2022 £
Cash at bank and in hand	7,608,812	5,035,956	-	12,644,768
Obligations under finance leases	(1,466,530)	1,213,398	(875,639)	(1,128,771)
	<u>6,142,282</u>	<u>6,249,354</u>	<u>(875,639)</u>	<u>11,515,997</u>