I & H Brown Limited

Registered No. SC 040891

Report and Financial Statements

30 August 2020

Directors
J H Brown (deceased 21 March 2021)
J S Brown
R M Brown
D H Brown
D A Brown
A Miller
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 30 August 2020.

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 reduced to £48,995,639 (52 weeks ended 1 September 2019 – £59,794,511) due largely to fewer contracts being delivered in the period and due to a period of shut down as a result of COVID-19. However, the business generated a gross profit of £3,126,620 (52 weeks ended 1 September 2019 – £250,959 gross loss) marking a significant return to profitability.

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. We anticipate a positive result for the financial period ending August 2021 based on encouraging results for the first nine months.

The group continues to engage in property development and currently visualises a strong sales pattern over the next few years to major house builders from a land bank with planning support for over 3,000 homes. Projects in Fife, Dundee, Perth 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 continues to produce 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 £19,148,298 (1 September 2019 – £17,777,233) and this position endures in the new financial period.

I & H Brown has shown its appreciation of our NHS by donating to NHS Charities Together. We are gifting the earnings from one of our excavators working at Winchburgh. The excavator, named "The Lockdown Ranger" by a local school pupil will dig deep for our health service. Our donation will be matched by our client, Winchburgh Developments.

In conclusion, we expect our market place to continue to be challenging. The volume of civil engineering work is expected to remain buoyant 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 2019/20 financial period. Resilience during the COVID-19 pandemic is important.

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.

Strategic report

Principal risks and uncertainties (continued)

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.

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.

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:

Strategic report

Section 172 statement (continued)

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 the group. It is the Directors' intention that this collaborative approach drives employee involvement and retention thereby improving the performance of the group.

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.

Strategic report

Section 172 statement (continued)

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 the business to create a strong and resilient balance sheet.

On behalf of the Board

J S Brown
Director

26 May 2021

Registered No. SC 040891

Directors' report

The directors present their report and financial statements for the 52 weeks ended 30 August 2020.

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 £1,647,257 (52 weeks ended 1 September 2019 – profit of £566,526). The directors do not recommend a final dividend (52 weeks ended 1 September 2019 – £nil). Interim dividends amounting to £nil (2019 - £nil) 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 based on their assessment detailed on page 18.

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) (deceased 21 March 2021)
J S Brown (Managing Director)
R M Brown
D H Brown
D A Brown
A Miller
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.

Directors' report

Streamlined Energy and Carbon Reporting ('SECR')

The following table contains the information relevant to the group for the Streamlined Energy and Carbon Reporting requirements for the period ended 30 August 2020.

Methodology

All 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.

Reported emissions (and carbon offsets)	**Tonnes CO_2e**
Total gross emissions (scope 1, 2 and 3)	4,462
Total direct (scope 1) from gas and oils	36
Total indirect emissions (scope 2) from electricity	66
Total indirect emissions (scope 1) from fleet (purchased fuel)	4,278
Other indirect (scope 3) emissions (purchased fuel)	82
Energy consumption	**kWh**
Total energy consumption used to calculate emissions	35,939,956
Energy consumption, combustion of gas	52,787
Energy consumption, electricity	212,427
Energy consumption, combustion of transport fuel	35,426,172
Energy consumption, other	248,570
Intensity ratio	**tCO_2e/£million**
Intensity ratio	91.07

The reported emissions intensity ratio is the total gross emissions (scope 1, 2 and 3) per annual sales revenue in tonnes CO_2e/£million.

On behalf of the Board

J S Brown
Director

26 May 2021

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 30 August 2020 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 Parent Company Statement of Financial Position, the Group Statement of Cash Flows and the related notes 1 to 25, 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 30 August 2020 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.

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.

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.

Independent auditors' report

to the members of I & H Brown Limited

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of 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 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent auditors' report

to the members of I & H Brown Limited

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.

Ernst & Young LLP

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

27 May 2021

Registered No. SC 040891

Group income statement

for the period ended 30 August 2020

	Notes	*52 weeks ended 30 August 2020* £	*52 weeks ended 1 September 2019* £
Turnover	2	48,995,639	59,794,511
Cost of sales		(45,869,019)	(60,045,470)
Gross profit/(loss)		3,126,620	(250,959)
Administrative expenses		(2,455,846)	(2,369,423)
Other operating income	3	909,632	140,960
Operating profit/(loss)	3	1,580,406	(2,479,422)
Profit on disposal of land and buildings		275,101	2,685,635
Profit on disposal of investments		189,462	60,897
Unrealised gain on revaluation of investment properties	8	37,500	13,000
Unrealised (loss)/gain on revaluation of investments	9	(7,750)	44,359
Income from investments		3,600	18,525
Profit before interest and tax		2,078,319	342,994
Finance income		3,347	2,747
Finance costs	6	(145,943)	(166,146)
Profit before tax		1,935,723	179,595
Tax (charge)/credit on profit	7	(288,466)	386,931
Profit for the financial period		1,647,257	566,526

All amounts relate to continuing activities.

Group statement of comprehensive income

for the period ended 30 August 2020

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £1,647,257 in the 52 weeks ended 30 August 2020 (52 weeks ended 1 September 2019 – profit of £566,526).

Statement of changes in equity

for the period ended 30 August 2020

Group	*Called up share capital*	*Share premium account*	*Non-distributable reserve*	*Capital redemption reserve*	*Profit and loss account*	*Total*
	£	*£*	*£*	*£*	*£*	*£*
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
Profit retained for the period	-	-	37,500	-	1,609,757	1,647,257
At 30 August 2020	72,200	147,349	2,955,381	2,000	45,816,466	48,993,396

Company	*Called up share capital*	*Share premium account*	*Non-distributable reserve*	*Capital redemption reserve*	*Profit and loss account*	*Total*
	£	*£*	*£*	*£*	*£*	*£*
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
Profit retained for the period	-	-	89,047	-	1,172,655	1,261,702
At 30 August 2020	72,200	147,349	2,608,951	2,000	44,755,125	47,585,625

Registered No. SC 040891

Group statement of financial position

at 30 August 2020

	Notes	30 August 2020 £	1 September 2019 £
Fixed assets			
Tangible assets	8	33,746,036	32,781,832
Current assets			
Stocks	10	18,164,332	21,340,799
Debtors	11	18,648,679	19,281,877
Investments	9	402,023	1,065,648
Cash at bank and in hand		4,131,346	95,384
		41,346,380	41,783,708
Creditors: amounts falling due within one year	12	22,198,082	24,006,475
Net current assets		19,148,298	17,777,233
Total assets less current liabilities		52,894,334	50,559,065
Creditors: amounts falling due after more than one year	13	2,463,570	2,153,952
Provisions for liabilities	16	1,437,368	1,058,974
		3,900,938	3,212,926
Net assets		48,993,396	47,346,139
Capital and reserves			
Called up share capital	17	72,200	72,200
Share premium account	23	147,349	147,349
Non-distributable reserve	23	2,955,381	2,917,881
Capital redemption reserve	23	2,000	2,000
Profit and loss account		45,816,466	44,206,709
Shareholders' funds		48,993,396	47,346,139

These financial statements were approved by the Board of Directors on 26 May 2021 and signed on their behalf by:

J S Brown
Director

Parent company statement of financial position

at 30 August 2020

	Notes	*30 August 2020* £	*1 September 2019* £
Fixed assets			
Tangible assets	8	20,912,880	19,868,794
Investments	9	1,322,343	1,322,343
		22,235,223	21,191,137
Current assets			
Stocks	10	18,245,886	21,587,269
Debtors	11	26,639,706	27,606,495
Investments	9	402,023	1,065,648
Cash at bank and in hand		4,040,193	450
		49,327,808	50,259,862
Creditors: amounts falling due within one year	12	22,101,594	23,856,338
Net current assets		27,226,214	26,403,524
Total assets less current liabilities		49,461,437	47,594,661
Creditors: amounts falling due after more than one year	13	468,264	238,127
Provisions for liabilities	16	1,407,548	1,032,611
		1,875,812	1,270,738
Net assets		47,585,625	46,323,923
Capital and reserves			
Called up share capital	17	72,200	72,200
Share premium account	23	147,349	147,349
Non-distributable reserve	23	2,608,951	2,519,904
Capital redemption reserve	23	2,000	2,000
Profit and loss account		44,755,125	43,582,470
Shareholders' funds		47,585,625	46,323,923

The company's profit for the period attributable to the shareholders is £1,261,702 (52 weeks ended 1 September 2019 – £426,860)

These financial statements were approved by the Board of Directors on 26 May 2021 and on their behalf by:

J S Brown
Director

Group statement of cash flows

for the period ended 30 August 2020

	Notes	52 weeks ended 30 August 2020 £	52 weeks ended 1 September 2019 £
Net cash inflow/(outflow) from operating activities	18(a)	7,509,161	(3,769,453)
Investing activities			
Interest received		3,347	2,747
Payments to acquire tangible fixed assets and unlisted investments		(1,296,335)	(412,572)
Receipts from sales of tangible fixed assets		491,684	4,343,048
Purchase of investments held as liquid resources		-	(495,142)
Receipts from sales of investments held as liquid resources		845,337	767,930
Income from investments		3,600	18,525
Net cash flow from investing activities		47,633	4,224,536
Financing activities			
Repayments of capital element of finance leases		(870,366)	(548,895)
Interest paid		(117,274)	(150,342)
Interest element of finance lease repayments		(28,669)	(15,804)
Receipts from new long-term borrowings		2,807	2,670,911
Repayments of long-term borrowings		(428,125)	(3,431,862)
Net cash flow from financing activities		(1,441,627)	(1,475,992)
Increase/(decrease) in cash		6,115,167	(1,020,909)
Cash and cash equivalents at start of the period	18(b)	(1,983,821)	(962,912)
Cash and cash equivalents at end of the period	18(b)	4,131,346	(1,983,821)

Notes to the financial statements

at 30 August 2020

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 30 August 2020.

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 financials 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 1 September 2019 to 30 August 2020. 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 30 August 2020. 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 £1,261,702 (2019 - £426,860)

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 30 August 2020

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.

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.

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 31 May 2022.

The group has a 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, key sensitivities are considered to 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 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.

Notes to the financial statements

at 30 August 2020

1. Accounting policies (continued)

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:

Freehold buildings	–	50 years
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 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 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.

Notes to the financial statements

at 30 August 2020

1. Accounting policies (continued)

Revenue recognition (continued)

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.

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.

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model and the performance model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the

Notes to the financial statements

at 30 August 2020

1. Accounting policies (continued)

Government grants (continued)

purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset.

Under the performance model, where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

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:

	52 weeks ended 30 August 2020	*52 weeks ended 1 September 2019*
	£	*£*
Plant hire, civil engineering and waste disposal	40,884,691	54,249,592
Farming and estate management	559,660	750,896
Rental income from investment property	1,279,281	1,175,525
Property development	6,272,007	3,618,498
	48,995,639	59,794,511

Within the above, revenue of £40,332,182 (2019 - £53,299,947) was recognised from long term contracts.

3. Operating profit

This is stated after charging/(crediting):

			52 weeks ended 30 August 2020	*52 weeks ended 1 September 2019*
			£	*£*
Auditors' remuneration	–	audit	74,263	56,100
	–	non-audit (accountancy)	3,233	2,500
	–	non-audit (taxation advisory)	-	2,500
	–	non-audit (taxation compliance)	15,150	18,900

Notes to the financial statements

at 30 August 2020

3. Operating profit (continued)

Depreciation of owned tangible fixed assets	1,053,459	1,223,643
Depreciation of assets held under finance leases and hire purchase contracts	353,829	224,828
Restructuring costs	-	374,390
Profit on disposal of plant and machinery and motor vehicles	(89,490)	(137,409)
Government grant income	(816,137)	-
Sundry income	(4,005)	(3,551)

Operating lease rentals	– plant and machinery	37,984	72,457
	– land and buildings	63,798	94,739

Other operating income of £909,632 (2019 - £140,960) is comprised of Profit on disposal of plant and machinery and motor vehicles, Government grant income and Sundry income.

4. Directors' remuneration

	52 weeks ended 30 August 2020	*52 weeks ended 1 September 2019*
	£	*£*
Remuneration	700,725	1,075,498
Contributions paid to money purchase pension schemes	26,954	93,858

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

	52 weeks ended 30 August 2020	*52 weeks ended 1 September 2019*
	£	*£*
Remuneration	155,857	277,394
Contributions paid to money purchase pension schemes	8,628	39,182

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

	52 weeks ended 30 August 2020	*52 weeks ended 1 September 2019*
	No.	*No.*
Money purchase schemes	3	4

Notes to the financial statements

at 30 August 2020

5. Staff costs

	52 weeks ended 30 August 2020	52 weeks ended 1 September 2019
	£	£
Wages and salaries	8,790,314	10,269,433
Social security costs	925,733	1,096,290
Other pension costs	315,957	386,307
	10,032,004	11,752,030

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

	No.	No.
Management and administration	96	99
Drivers and operators	111	106
	207	205

6. Finance costs

	52 weeks ended 30 August 2020	52 weeks ended 1 September 2019
	£	£
Bank interest	45,944	62,140
Finance charges payable under finance leases and hire purchase contracts	28,669	15,804
Loan interest	71,330	88,202
	145,943	166,146

Notes to the financial statements

at 30 August 2020

7. Tax

(a) Tax on profit

The tax charge/(credit) is made up as follows:

	52 weeks ended 30 August 2020 £	52 weeks ended 1 September 2019 £
Current tax:		
UK corporation tax on the profit for the period	46,036	5,414
Adjustments in respect of previous periods	(257,808)	(302,329)
Total current tax	(211,772)	(296,915)
Deferred tax:		
Origination and reversal of timing differences	367,028	(276,217)
Adjustments in respect of previous periods	131,414	154,111
Effects of changes in the rate of tax	1,796	32,090
Total deferred tax (note 7(c))	500,238	(90,016)
Total tax on profit (note 7(b))	288,466	(386,931)

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

The tax assessed for the period differs from the standard rate of corporation tax in the UK of 19% (52 weeks ended 1 September 2019 – 19%). The differences are explained below:

	52 weeks ended 30 August 2020 £	52 weeks ended 1 September 2019 £
Profit before tax	1,935,723	179,595
Profit multiplied by the standard rate of corporation tax in the UK of 19% (52 weeks ended 1 September 2019 – 19%)	367,787	34,122
Effects of:		
Expenses not deductible	24,465	13,440
Income not taxable	(137,204)	(536,259)
Adjustments in respect of previous periods	(126,392)	(148,218)
Chargeable gains and revaluations	158,014	217,894
Effects of changes in the rate of tax	1,796	32,090
Total tax for the period (note 7(a))	288,466	(386,931)

Notes to the financial statements

at 30 August 2020

7. Tax (continued)

(c) Deferred tax

Group

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

	52 weeks ended 30 August 2020	*52 weeks ended 1 September 2019*
	£	*£*
Capital allowances in advance of depreciation	699,880	547,094
Tax losses	(241,611)	(530,149)
Chargeable gains and revaluations	28,296	-
Short-term timing differences	(58,215)	(88,833)
Deferred tax liability/(asset) (note 16)	428,350	(71,888)

	£
At 1 September 2019	(71,888)
Movement during the period (note 7(a))	500,238
At 30 August 2020	428,350

Company

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

	52 weeks ended 30 August 2020	*52 weeks ended 1 September 2019*
	£	*£*
Capital allowances in advance of depreciation	698,356	502,830
Tax losses	(241,611)	(512,248)
Short-term timing differences	(58,215)	(88,833)
Deferred tax liability/(asset) (note 16)	398,530	(98,251)

	£
At 1 September 2019	(98,251)
Movement during the period	496,781
At 30 August 2020	398,530

Notes to the financial statements

at 30 August 2020

7. Tax (continued)

(d) Factors that may affect future tax charges

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or liability settled, based on tax rates that are enacted or substantively enacted at the Statement of Financial Position date.

The Finance Act 2020 reversed a previously announced reduction in the tax rate to 17% (effective April 2020) and so deferred tax assets and liabilities have been measured at the enacted tax rates that are expected to apply to the period when the asset is realised or liability settled.

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 1 September 2019	21,195,500	18,797	6,332,514	1,891,006	2,457,021	15,910,573	47,805,411
Revaluation included in income statement	37,500	-	-	-	-	-	37,500
Additions	-	-	-	-	115,916	2,345,169	2,461,085
Disposals	-	-	(170,184)	-	(77,725)	(299,803)	(547,712)
At 30 August 2020	21,233,000	18,797	6,162,330	1,891,006	2,495,212	17,955,939	49,756,284
Depreciation:							
At 1 September 2019	-	5,791	783,214	176,108	1,747,472	12,310,994	15,023,579
Provided during the period	-	1,932	6,000	85,698	302,222	1,011,436	1,407,288
Disposals	-	-	(58,151)	-	(76,622)	(285,846)	(420,619)
At 30 August 2020	-	7,723	731,063	261,806	1,973,072	13,036,584	16,010,248
Net book value:							
At 30 August 2020	21,233,000	11,074	5,431,267	1,629,200	522,140	4,919,355	33,746,036
At 1 September 2019	21,195,500	13,006	5,549,300	1,714,898	709,549	3,599,579	32,781,832

Notes to the financial statements

at 30 August 2020

8. Tangible fixed assets (continued)

Company	*Freehold investment property*	*Freehold land and buildings*	*Wind turbines*	*Motor vehicles*	*Plant and machinery*	*Total*
	£	*£*	*£*	*£*	*£*	*£*
Cost or valuation:						
At 1 September 2019	8,393,953	6,332,514	1,891,006	2,446,963	15,662,712	34,727,148
Revaluation included in income statement	89,047	-	-	-	-	89,047
Additions	-	-	-	115,916	2,342,945	2,458,861
Disposals	-	(170,184)	-	(77,725)	(299,803)	(547,712)
At 30 August 2020	8,483,000	6,162,330	1,891,006	2,485,154	17,705,854	36,727,344
Depreciation:						
At 1 September 2019	-	783,214	176,108	1,746,634	12,152,398	14,858,354
Provided during the period	-	6,000	85,698	300,206	984,825	1,376,729
Disposals	-	(58,151)	-	(76,622)	(285,846)	(420,619)
At 30 August 2020	-	731,063	261,806	1,970,218	12,851,377	15,814,464
Net book value:						
At 30 August 2020	8,483,000	5,431,267	1,629,200	514,936	4,854,477	20,912,880
At 1 September 2019	8,393,953	5,549,300	1,714,898	700,329	3,510,314	19,868,794

The group net book value of plant and machinery and motor vehicles above includes an amount of £1,929,875 (1 September 2019 – £1,346,932) in respect of assets held under finance leases and hire purchase contracts.

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

	Group and Company
	£
Cost:	
At 30 August 2020	4,864,577
At 1 September 2019	5,034,761

All investment properties are included at valuation. The freehold investment properties were professionally valued as at 28 August 2020 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 sale 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 it is all held for use in operating leases.

Notes to the financial statements

at 30 August 2020

8. Tangible fixed assets (continued)

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

	Group	*Company*
	£	*£*
Cost:		
At 30 August 2020 and 1 September 2019	16,804,551	6,560,394

9. Investments

(a) Fixed asset investments

Company	*Subsidiary undertakings*
	£
At 30 August 2020 and 1 September 2019	1,322,343

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:

Name of company	*Country of incorporation or registration*	*Nature of business*	*Proportion of ordinary shares held*
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 30 August 2020

9. Investments (continued)

(b) Current asset investments

Group and Company	*Listed on the London stock exchange*	*Unlisted*	*Total*
	£	*£*	*£*
Market value:			
At 1 September 2019	707,125	358,523	1,065,648
Disposals	(655,875)	-	(655,875)
Unrealised loss on revaluation	(7,750)	-	(7,750)
At 30 August 2020	43,500	358,523	402,023

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

10. Stocks

		Group		*Company*
	30 August 2020	*1 September 2019*	*30 August 2020*	*1 September 2019*
	£	*£*	*£*	*£*
Development land in progress	17,864,630	20,994,134	17,946,184	21,240,604
Spares and fuels	80,571	97,066	80,571	97,066
Farm stock	219,131	249,599	219,131	249,599
	18,164,332	21,340,799	18,245,886	21,587,269

During the period £6,400,483 (2019 - £4,075,618) was recognised as an expense through cost of sales.

11. Debtors

		Group		*Company*
	30 August 2020	*1 September 2019*	*30 August 2020*	*1 September 2019*
	£	*£*	*£*	*£*
Trade debtors	2,935,182	507,440	2,897,097	461,299
Amounts recoverable on contracts	7,308,456	7,104,839	7,308,456	7,104,839
Due from related companies (note 22)	18,210	-	18,210	-
Due from subsidiary undertakings	-	-	8,010,881	8,395,257
Other debtors	8,150,340	11,227,098	8,142,129	11,219,348
Corporation tax recoverable	211,772	386,915	257,808	392,329
Prepayments	24,719	55,585	5,125	33,423
	18,648,679	19,281,877	26,639,706	27,606,495

Retentions of £2,885,756 (1 September 2019 – £3,393,961), which are due in more than one year, are included within amounts recoverable on contracts.

Notes to the financial statements

at 30 August 2020

12. Creditors: amounts falling due within one year

	Group		Company	
	30 August 2020	*1 September 2019*	*30 August 2020*	*1 September 2019*
	£	£	£	£
Bank overdraft	-	2,079,205	-	2,079,205
Bank loan (note 14)	-	77,806	-	-
Other loans (notes 14 and 22)	256,875	685,000	256,875	685,000
Trade creditors	9,018,876	6,946,041	9,015,685	6,937,759
Other taxes and social security costs	1,898,280	572,136	1,869,468	556,252
Accruals and deferred income	10,196,446	12,869,591	10,135,881	12,826,192
Other creditors	56,211	70,681	53,715	67,566
Obligations under finance leases and hire purchase agreements (note 15)	771,394	706,015	769,970	704,364
	22,198,082	24,006,475	22,101,594	23,856,338

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

	Group		Company	
	30 August 2020	*1 September 2019*	*30 August 2020*	*1 September 2019*
	£	£	£	£
Obligations under finance leases and hire purchase agreements (note 15)	474,852	245,847	468,264	238,127
Bank loan (note 14)	1,988,718	1,908,105	-	-
	2,463,570	2,153,952	468,264	238,127

14. Loans

	Group		Company	
	30 August 2020	*1 September 2019*	*30 August 2020*	*1 September 2019*
	£	£	£	£
Amounts falling due:				
Within one year or on demand	256,875	762,806	256,875	685,000
In two to five years	1,988,718	1,908,105	-	-
	2,245,593	2,670,911	256,875	685,000
Less: included in Creditors: amounts falling due within one year (note 12)	(256,875)	(762,806)	(256,875)	(685,000)
	1,988,718	1,908,105	-	-

The bank loan is secured against certain freehold investment properties with a carrying value of £3,250,000 and is repayable within five years. The other loans are unsecured and repayable on demand.

Notes to the financial statements

at 30 August 2020

15. Obligations under finance leases and hire purchase contracts

Finance leases and hire purchase contracts are analysed as follows:

	Group		*Company*	
	30 August 2020	*1 September 2019*	*30 August 2020*	*1 September 2019*
	£	£	£	£
Within one year (note 12)	771,394	706,015	769,970	704,364
In two to five years (note 13)	474,852	245,847	468,264	238,127
	1,246,246	951,862	1,238,234	942,491

The finance lease and hire purchase contracts at 30 August 2020 attract variable interest which is payable separately on the balance of capital outstanding. As such, the amounts payable at 30 August 2020 do not include a liability for finance charges.

16. Provisions for liabilities

	Group		*Company*	
	30 August 2020	*1 September 2019*	*30 August 2020*	*1 September 2019*
	£	£	£	£
Deferred taxation (note 7(c))	428,350	(71,888)	398,530	(98,251)
Restoration and aftercare provisions	1,009,018	1,130,862	1,009,018	1,130,862
	1,437,368	1,058,974	1,407,548	1,032,611

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:

	Group and Company
	£
At 1 September 2019	1,130,862
Unwinding of landfill restoration and aftercare provision	(119,944)
Reversal of unused landfill restoration and aftercare provision	(1,900)
At 30 August 2020	1,009,018

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.

17. Issued share capital

		30 August 2020		*1 September 2019*
Allotted, called up and fully paid	*No.*	£	*No.*	£
Ordinary shares of £1 each	72,200	72,200	72,200	72,200

Notes to the financial statements

at 30 August 2020

18. Notes to the statement of cash flows

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

	52 weeks ended 30 August 2020	*52 weeks ended 1 September 2019*
	£	*£*
Group profit for the period	1,935,723	179,595
Depreciation	1,407,288	1,448,471
Profit on disposal of tangible fixed assets	(364,591)	(2,823,044)
Profit on disposal of investments	(189,462)	(60,897)
Unrealised loss/(gain) on revaluation of investments	7,750	(44,359)
Unrealised gain on revaluation of investment properties	(37,500)	(13,000)
Net finance costs	142,596	163,399
Income from investments	(3,600)	(18,525)
Decrease/(increase) in debtors	458,055	(5,120,263)
Decrease/(increase) in stocks and work in progress	3,176,467	(32,102)
Increase in creditors	711,364	2,798,587
Decrease in provisions	(121,844)	(357,076)
Taxation	386,915	109,761
Net cash inflow/(outflow) from operating activities	7,509,161	(3,769,453)

(b) Cash and cash equivalents

		Group		*Company*
	30 August 2020	*1 September 2019*	*30 August 2020*	*1 September 2019*
	£	*£*	*£*	*£*
Cash at bank	4,131,346	95,384	4,040,193	450
Bank overdraft	-	(2,079,205)	-	(2,079,205)
	4,131,346	(1,983,821)	4,040,193	(2,078,755)

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 £46,652 (1 September 2019 – £60,411).

Notes to the financial statements

at 30 August 2020

20. Other financial commitments

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

		30 August 2020		*1 September 2019*
	Land and buildings	*Plant and machinery*	*Land and buildings*	*Plant and machinery*
	£	*£*	*£*	*£*
Future minimum rentals payable under non-cancellable operating leases are as follows:				
Within one year	73,453	17,994	70,071	44,420
In two to five years	160,855	5,412	203,308	24,614
Over five years	15,500	-	46,500	-
	249,808	23,406	319,879	69,034

21. Contingent liabilities

(a) 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.

(b) At the period end, the company's bankers provided, with recourse to the company, guarantees under performance bonds amounting to £60,000 (1 September 2019 – £60,000).

(c) At the period end, the company's insurers provided, with recourse to the company, guarantees under performance bonds amounting to £8,385,310 (1 September 2019 – £5,911,441).

22. Related party transactions

At the period end, an amount of £8,897 (1 September 2019 – £nil) was due from Ian Brown and Sons, a business connected to D H Brown and R M Brown by virtue of a close family relationship and an amount of £9,313 (1 September 2019 – £nil) was due from Fordoun Estates Limited, a company under common control.

During the period £86,441 (1 September 2019 – £86,441) of rental payments were made to the directors' FURBS trusts.

An amount of £256,875 (1 September 2019 – £685,000) was due payable at the period end in respect of loans received in the prior period from certain directors of the company and a non-director shareholder. The loans are unsecured, interest free and repayable on demand.

The directors did not pay an interim dividend in the period (52 weeks ended 1 September 2019 - £nil) and do not recommend a final dividend (52 weeks ended 1 September 2019 – £nil).

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 £85,832 (52 weeks ended 1 September 2019 – £136,421).

Notes to the financial statements

at 30 August 2020

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

		Group		*Company*
	30 August 2020	*1 September 2019*	*30 August 2020*	*1 September 2019*
	£	*£*	*£*	*£*
Financial assets measured at fair value through the income statement:				
Investments	402,023	1,065,648	402,023	1,065,648
Financial assets measured at amortised cost:				
Debtors	18,648,679	19,281,877	26,639,706	27,606,495
Financial liabilities measured at amortised cost:				
Bank overdraft	-	(2,079,205)	-	(2,079,205)
Bank loan	(1,988,718)	(1,985,911)	-	-
Other loans	(256,875)	(685,000)	(256,875)	(685,000)
Finance leases and hire purchase contracts	(1,246,246)	(951,862)	(1,238,234)	(942,491)
Creditors and accruals	(21,169,813)	(20,458,449)	(21,074,749)	(20,387,769)

25. Ultimate parent undertaking and controlling party

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