

Muir Construction Ltd

Annual report and financial statements

Registered number SC055449

3 February 2019

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Directors and advisers

Directors	J W Muir C Muir R W Muir A C Muir G Donaldson P Reel D Fairweather
Secretary	JSH Watt
Auditor	KPMG LLP Saltire Court 20 Castle Terrace Edinburgh EH1 2EG
Solicitors	Davidson Chalmers, WS 12 Hope Street Edinburgh EH2 4DB
Registered office	Muir House Belleknowes Industrial Estate Inverkeithing Fife KY11 1HY

Strategic report

Principal activities and business review

The principal activity of the company is that of building contractors. The company expects to continue this activity for the foreseeable future.

The financial results for the year are set out in the financial statements and show a loss after tax for the year of £458,000 (2018: profit £628,000).

Operating performance and key performance indicators

Operating performance

	2019 £000	2018 £000
Turnover	28,305	30,641
Gross margin	2,395	2,347
Operating (loss)/profit	(580)	787
(Loss)/profit before tax	(524)	818
(Loss)/profit after tax	(458)	628
Net assets	7,819	8,277

Key Performance Indicators

Turnover growth/(contraction) £000s	(2,336)	(8,946)
Gross margin %	8.5%	7.7%
Operating (loss)/profit%	(2.0)%	2.6%

Principal risks and uncertainties

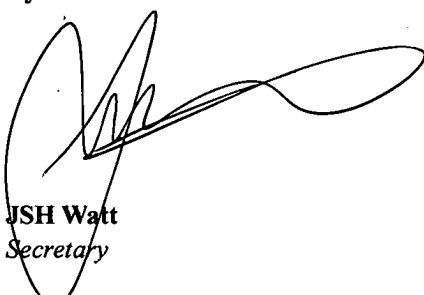
The Company is susceptible to the market conditions driving new property demand.

Key personnel - the company performance is at risk if it fails to retain or recruit key employees. The company has in place first class remuneration, benefits and incentive packages along with personal development and training plans.

Strategy and future development

The over-riding objective is to deliver sustained growth in shareholder value through organic growth, alongside implementing best practice in health & safety, employee development, environmental improvements and creditor payment policies. In addition, it is planned to increase the volume of business with partner clients and subcontractors whilst retaining the competitive edge required in the tender market.

By order of the board:



JSH Watt
Secretary

28 August 2019

Directors' report

The directors submit their report and audited financial statements for the year ended 3 February 2019.

Dividend

No interim dividend was paid (2018: £nil) in respect of the year ended 3 February 2019. The directors recommend the payment of a final dividend for the year of £nil (2018: £5,000,000).

Directors

The directors of the company are shown on page 1. All directors served throughout the year and to the date of this report.

Bad Debt Provision

The Company has fully provided against an outstanding debt of £1.8 Million for a company that is currently refinancing their operation with a major bank. The company has been given assurances that £1.3 Million will be paid on completion of the refinancing with the balance of £500,000 converted to an equity investment. See Note 19.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



JSH Watt
Secretary

Muir House
Belleknowes Industrial Estate
Inverkeithing
Fife
KY11 1HY

28 August 2019

Statement of directors' responsibilities in respect of the Annual Report and the financial statements

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 year. Under that law, they have elected to prepare the company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) including FRS102 *The Financial Reporting Standard applicable in the UK and 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 company and of its profit or loss for that period. In preparing each of the company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG LLP

Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG
United Kingdom

Independent auditor's report to the members of Muir Construction Ltd

Opinion

We have audited the financial statements of Muir Construction Ltd ("the company") for the year ended 3 February 2019 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 3 February 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with the UK accounting standards including FRS102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as the recoverability of debtors and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could cast a significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how these risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Independent auditor's report to the members of Muir Construction Ltd (continued)

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Hugh Harvie (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EG

3 September 2019

Profit and Loss Account and Other Comprehensive Income
for the year ended 3 February 2019

	<i>Note</i>	2019 £000	2018 £000
Turnover	2	28,305	30,641
Cost of sales		(25,910)	(28,294)
Gross profit		2,395	2,347
Administrative expenses		(3,071)	(1,709)
Other operating income	3	96	149
Operating (loss)/profit		(580)	787
Other interest receivable and similar income	7	56	31
(Loss)/profit before taxation		(524)	818
Tax on (loss)/profit	8	66	(190)
(Loss)/profit for the financial year		(458)	628

The company has no items of other comprehensive income other than the results for the current and prior financial years as set out above.

The profit and loss account has been prepared on the basis that all operations are continuing operations.

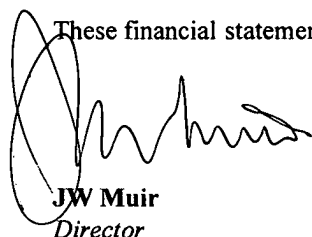
The notes on pages 10 to 19 form part of these financial statements.

Balance Sheet
at 3 February 2019

	<i>Note</i>	2019 £000	2019 £000	2018 £000	2018 £000
Fixed assets					
Tangible assets	9	<u>3,565</u>		<u>3,806</u>	
			3,565		3,806
Current assets					
Stocks	10	131		92	
Debtors	11	8,906		7,400	
Cash at bank and in hand	12	<u>4,342</u>		<u>5,415</u>	
		13,379		12,907	
Current liabilities					
Creditors: amounts falling due within one year	13	<u>(8,915)</u>		<u>(8,221)</u>	
Net current assets			4,464		4,686
Total assets less current liabilities			8,029		8,492
Deferred tax	14	<u>(210)</u>		<u>(215)</u>	
			(210)		(215)
Net assets			7,819		8,277
Capital and reserves					
Called up share capital	15		1		1
Profit and loss account			6,795		7,253
Revaluation reserve			<u>1,023</u>		<u>1,023</u>
Shareholders' funds			7,819		8,277

The notes on pages 10 to 19 form part of these financial statements.

These financial statements were approved by the board of directors on 28 August 2019 and are signed on its behalf by:


JW Muir
Director

Statement of Changes in Equity
at 3 February 2019

	Called up Share capital £000	Revaluation reserve £000	Profit and loss account £000	Total equity £000
Balance at 31 January 2017	1	1,023	11,625	12,649
Total comprehensive income for the year				
Profit for the financial year	-	-	628	628
Total comprehensive income for the year	-	-	628	628
Transactions with owners, recorded directly in equity				
Dividends	-	-	(5,000)	(5,000)
Total contributions by and distributions to owners	-	-	(5,000)	(5,000)
Balance at 3 February 2019	1	1,023	7,253	8,277

	Called up Share capital £000	Revaluation reserve £000	Profit and loss account £000	Total equity £000
Balance at 28 January 2018	1	1,023	7,253	8,277
Total comprehensive income for the year				
(Loss) for the financial year	-	-	(458)	(458)
Total comprehensive income for the year	-	-	(458)	(458)
Transactions with owners, recorded directly in equity				
Dividends	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-
Balance at 3 February 2019	1	1,023	6,795	7,819

Notes

forming part of the financial statements

1. Accounting policies

Muir Construction Ltd (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

Judgements made by the directors in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 20.

These financial statements were prepared in accordance with the Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (FRS 102) as issued in August 2014. The amendments to FRS102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is Sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent company, Muir Group plc, includes the Company in its consolidated financial statements. The consolidated financial statements of Muir Group plc are prepared in accordance with FRS 102 and are available to the public and may be obtained from Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF.

As the consolidated financial statements of Muir Group Plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of instruments not falling within the fair value rules of paragraph 36 (4) of schedule 1.

In these financial statements, the company is considered to be a qualifying entity (for the purpose of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to the end of the period
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

As a wholly owned subsidiary of Muir Group Plc the company is exempt from the requirements of FRS102.33 to disclose transactions with other members of the group headed by Muir Group Plc.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

The directors have prepared cash flow forecasts for the company for a period of at least twelve months from the date of signing these accounts. The company has no external borrowings and the cash flow forecasts show that the company can operate within its available funds for the foreseeable future. The directors of Muir Group Plc have indicated to the directors of Muir Construction Ltd that Muir Group Plc will not seek repayment of the amounts currently made available.

Notes (continued)

1. Accounting policies (continued)

1.3 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.4 Tangible fixed assets

Tangible fixed assets are stated at cost / deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of tangible fixed assets that had been revalued to fair value on or prior to the date of transition to FRS 102, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

The Company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

buildings	25 years
plant and equipment	4 -8 years
motor vehicles	3 -5 years
furniture and fittings	3 -5 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

1.5 Construction contract debtors

Construction contract debtors represent the gross unbilled amount for contract work performed to date. They are measured at cost plus profit recognised to date (see turnover accounting policy) less a provision for foreseeable losses and less progress billings. Variations are included in contract revenue when they are reliably measurable, and it is probable that the customer will approve the variation itself and the revenue arising from the variation. Claims are included in contract revenue only when they are reliably measurable, and negotiations have reached an advanced stage such that it is probable that the customer will accept the claim. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Company's contract activities based on normal operating capacity.

Construction contract debtors are presented as part of debtors in the balance sheet. If payments received from customers exceed the income recognised, then the difference is presented as accruals and deferred income in the balance sheet.

1.6 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Notes (continued)

1. Accounting policies (continued)

1.6 Impairment excluding stocks and deferred tax assets (continued)

Financial assets (including trade and other debtors) (continued)

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

1.7 Employee benefits

Defined contribution plans and other long-term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Group plans

The company participates in a group wide defined benefit scheme operated by Muir Group Plc. The company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, accounts for the scheme as if it were a defined contribution scheme. Contributions payable are charged to the profit and loss account in the year they are payable.

1.8 Turnover

Turnover represents the invoiced value of work done

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. Turnover for such contracts is stated at the cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Contract work in progress is stated at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

1.9 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Notes (continued)

1. Accounting policies (continued)

1.10 Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

1.11 Contingent liabilities

In order to discharge liabilities with local authorities for the construction of roads and to meet commercial obligations in respect of construction contracts, the company is required to put in place contract performance securities until such time as the local authority confirms the liability is discharged or in the case of commercial contracts, the contract has reached practical completion.

2. Turnover

Turnover and profits before taxation are derived from the company's principal activity. All turnover is earned in the United Kingdom.

	2019 £000	2018 £000
Construction	<u>28,305</u>	<u>30,641</u>

3. Other operating income

	2019 £000	2018 £000
Net gain on disposal of tangible fixed assets	<u>96</u>	<u>149</u>
	<u>96</u>	<u>149</u>

4. Expenses and auditor's remuneration

Included in the profit/loss are the following

	2019 £000	2018 £000
Depreciation of tangible assets	756	788
Hire of plant and machinery	<u>2,126</u>	<u>1,883</u>

Auditor's remuneration:

	2019 £000	2018 £000
Amounts receivable by the company's auditor and its associates in respect of:		
Audit of financial statements of the company	25	11
Taxation compliance services	<u>4</u>	<u>5</u>

Notes (continued)

5. Staff numbers and costs

	2019 No	2018 No
Average number of employees:		
Management & administration	62	70
Operations	43	49
	<u>105</u>	<u>119</u>
	£000	£000
Wages and salaries	3,959	4,708
Social security costs	420	496
Contributions to defined contribution plans	230	262
	<u>4,608</u>	<u>5,466</u>

The company is a member of a group pension scheme, which provides benefits on a final pensionable pay. The scheme has been accounted for in these financial statements as if it was a defined contributions scheme.

6. Directors' remuneration

	2019 £000	2018 £000
Emoluments	474	558
Company contributions to money purchase schemes	39	46
	<u>513</u>	<u>604</u>

The aggregate of emoluments and amounts receivable of the highest paid director were £173,000 (2018: £153,000) and company pension contributions of £13,700 (2018: £13,000) were made to a money purchase scheme on his behalf.

	Number of directors	
	2019	2018
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	<u>3</u>	<u>4</u>

7. Other interest receivable and similar income

	2019 £000	2018 £000
Interest receivable on deposits	27	14
Interest from group undertakings	25	17
Other interest receivable	4	1
Total interest receivable and similar income	<u>56</u>	<u>31</u>

Notes (continued)

8. Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2019 £000	2019 £000	2018 £000	2018 £000
<i>Current tax</i>				
Current tax on income for the period	(61)		185	
Adjustments in respect of prior periods	-		2	
Total current tax		(61)		187
<i>Deferred tax (see note 14)</i>				
Origination and reversal of timing differences	(5)		3	
Total deferred tax		(5)		3
Total tax charge		(66)		190

	2019 £000	2019 £000	2019 £000	2019 £000	2018 £000	2018 £000
	Current tax	Deferred tax	Total tax	Current tax	Deferred tax	Total tax
Recognised in Profit and loss account	(61)	(5)	(66)	187	3	190
Total tax	(61)	(5)	(66)	187	3	190

Analysis of current tax recognised in profit and loss

	2019 £000	2018 £000
UK corporation tax	(61)	187
Total current tax recognised in profit and loss	(61)	187

Notes (continued)

8. Taxation (continued)

Reconciliation of effective tax rate

	2019 £000	2018 £000
(Loss)/profit for the year	(458)	628
Total tax expense	(66)	190
(Loss)/profit excluding taxation	(524)	818
Tax using the UK corporation tax rate of 19.0% (2018: 19.2%)	(100)	157
<i>Effects of:</i>		
Difference between capital allowances and depreciation	39	49
Gain on disposal of fixed assets	(18)	(29)
Non-deductible expenses	13	11
Under provided in prior years	-	2
Total tax expense included in profit or loss	(66)	190

Factors that may affect future current and total tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 16 March 2016. This will reduce the company's future current tax charge and deferred tax liability accordingly. The deferred tax liability at 3 February 2019 has been calculated based on these rates.

9. Tangible fixed assets

	Freehold land and buildings £000	Furniture and fittings £000	Plant and equipment £000	Motor vehicles £000	Total £000
Cost					
At beginning of year	2,903	1,443	4,519	1,309	10,174
Additions	-	20	427	69	516
Disposals	-	-	(221)	(61)	(282)
At end of year	2,903	1,463	4,725	1,317	10,408
Depreciation					
At beginning of year	972	1,407	3,528	461	6,368
Charge for year	111	23	356	266	756
Disposals	-	-	(220)	(61)	(281)
At end of year	1,083	1,430	3,664	666	6,843
Net book value					
At beginning of year	1,931	36	991	848	3,806
At end of year	1,820	33	1,061	651	3,565

Notes *(continued)*

10. Stocks

	2019 £000	2018 £000
Raw materials and consumables	12	15
Work in progress	119	77
	<u>131</u>	<u>92</u>

Raw materials, consumables and changes in work in progress recognised as Cost of Sales in the year amounted to £92,000 (2017: £699,000).

11. Debtors

	2019 £000	2018 £000
Trade debtors	159	127
Construction contract debtors	5,740	5,779
Amounts owed by parent company	2,027	-
Amounts owed by group undertakings	646	596
Amounts owed by related parties in which the company and group has a participating interest	204	637
Other debtors	61	199
Prepayments and accrued income	69	62
	<u>8,906</u>	<u>7,400</u>

12. Cash and cash equivalents

	2019 £000	2018 £000
Cash at bank and in hand	<u>4,342</u>	<u>5,415</u>

13. Creditors: amounts falling due within one year

	2019 £000	2018 £000
Trade creditors	8,490	7,212
Amounts owed to parent company	-	20
Amounts owed to group undertakings	119	10
Taxation and social security	(283)	314
Corporation tax	-	185
Accruals and deferred income	253	178
Other creditors payable	336	302
	<u>8,915</u>	<u>8,221</u>

Notes (continued)

14. Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2019	2018	2019	2018	2019	2018
	£000	£000	£000	£000	£000	£000
Accelerated capital allowances	-	-	217	225	217	225
Short term timing differences	(7)	(10)	-	-	(7)	(10)
Net deferred (assets)/liabilities	<u>(7)</u>	<u>(10)</u>	<u>217</u>	<u>225</u>	<u>210</u>	<u>215</u>

15. Capital and reserves

	Ordinary shares	
In number of shares		
Balance at 28 January 2018 and 3 February 2019		<u>100</u>
	2019	2018
	£	£
<i>Allotted, called up and fully paid</i>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

16. Contingent liabilities

The company has indemnities amounting to £2,563,265 (2016: £2,238,618) in respect of contract performance bonds.

17. Pensions

Defined contribution plans

The Company operates a defined contribution pension plan, the assets of which are held in separate trustee administered funds.

Defined benefit plans

The defined benefit scheme is operated by JW Muir Group Plc and the company is unable to identify its share of the underlying assets and liabilities. The scheme is closed to new entrants and has ceased future accruals of benefits. The net pension liability is recognised in the balance sheet of JW Muir Group Plc in accordance with FRS 102. JW Muir Group Plc make contributions to the scheme on the advice of an independent actuary to ensure the scheme's assets are sufficient to cover future liabilities.

At 3 February 2019 contributions totalling £400,000 (2018: £403,000) were payable by JW Muir Group plc to the defined benefit scheme.

Notes (continued)

18 Parent company

The Company is a subsidiary undertaking of JW Muir Group Plc. The ultimate controlling party is Muir Group Plc.

The largest group in which the results of the Company are consolidated is that headed by Muir Group Plc incorporated in Scotland. The consolidated financial statements of this company are available to the public and may be obtained from Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF.

The Company has no other related undertaking.

19 Accounting estimates and judgements

Key sources of estimation uncertainty

Construction Contracts

Revenue and cost of sales in relation to long term contracts are estimated based on the stage of completion. The company allocates site wide development costs such as infrastructure between different stages of contracts completed in the current year and those in future years. This estimate is reflected in the margin recognised on developments and in the amounts recoverable on long term contracts. Amounts recoverable on contracts are kept under constant review.

Debtors

As noted in the Directors' report, the Company has created a full provision against a debt of £1.8 Million at 3 February 2019. The Company has been assured by the directors of the debtor that they have approval in principle for their refinancing; that the due diligence process has been confirmed to be complete and they are now awaiting formal approval and documenting the facility. Despite this assurance, the Company has created a full provision. Payment of any portion of this sum will significantly affect the results in the next year.