

COMPANIES HOUSE

22 JAN 2021

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**Muir Construction Ltd**

**Annual report and financial statements**

**Registered number SC055449**

**2 February 2020**

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COMPANIES HOUSE

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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

### Solicitor

Davidson Chalmers Stewart LLP, 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.

For the director's consideration of Going Concern see note 1.

### Results for the year

The financial results for the year are set out in the financial statements and show a profit after tax for the year of £1,676,000 (2019: loss £458,000).

### Operating performance and key performance indicators

#### Operating performance

	2020 £000	2019 £000
Turnover	36,004	28,305
Gross profit	2,751	2,395
Operating profit/(loss)	2,020	(580)
Profit/(loss) before tax	2,071	(524)
Profit/(loss) after tax	1,676	(458)
Net assets	<u>8,495</u>	<u>7,819</u>

#### Key Performance Indicators

Turnover growth £000s	7,699	(2,336)
Gross margin %	8.0%	8.0%
Operating profit/(loss)%	<u>6.0%</u>	<u>(2.0)%</u>

### 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.

**Covid-19** - the deterioration in economic outlook as a consequence of the COVID-19 pandemic has an impact on the company's future outlook, this deterioration has been included in the director's forecasts.

### Section 172 Companies Act Statement

#### Overview

The company's aim is to build sustained profits in an ethical manner over the long term. It aims to achieve this by delivering high quality projects that are completed on time and within budget. This can only be achieved by a highly motivated and well trained workforce working in collaboration with clients, supply chain matters, local communities and other stakeholders. All this is done in a way that is good for our environment.

#### Stakeholders

The board actively engages with a wide range of stakeholders who have an impact across the group.

The shareholding of Muir Group Plc, of which Muir Construction Limited is a subsidiary, is vested in the Muir family and the family maintain a very active role in the management of the business and engagement with the requisite stakeholders.

## **Strategic Report** *(continued)*

### **Strategy and future development**

The over-riding objective is to deliver sustained growth in shareholder value through organic growth, achieved alongside implementing best practice in health & safety, employee development, environmental improvement 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 require in the tender market.

**By order of the board:**

**JSH Watt**  
Secretary

21 January 2021

## Directors' report

The directors submit their report and audited financial statements for the year ended 2 February 2020.

### Dividend

No interim dividend was paid (2019: *£nil*) in respect of the year ended 2 February 2020. The directors recommend the payment of a final dividend for the year of £1,000,000 (2019: *£nil*).

### Directors

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

### Employee Involvement

The company has an active policy of communicating with its staff and keeping employees informed regarding its achievements and prospects. Employees are kept informed of company matters through the Muir Intranet, our companies websites, notice boards, in house team briefings, informal meetings and formal staff seminars. The directors are also committed to developing genuine and effective involvement in the group's activities.

### Client and supply chain engagement

The company places considerable value on engagement with its clients and supply chain.

The directors, senior management and business development teams meet clients and potential clients on a regular basis. In contracting and joinery, contracts are either bid via tenders or negotiated with clients by senior management and business development directors.

The majority of supply chain procurement is via subcontractors and directors and senior managers undertake regular engagement with all current and potential subcontractors.

### 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 they 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

21 January 2021

## **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 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 their profit or loss for that period. In preparing these 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 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.

## **Independent auditor's report to the members of Muir Construction Limited**

### **Opinion**

We have audited the financial statements of Muir Construction Ltd ("the company") for the year ended 2 February 2020 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 2 February 2020 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 of 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.

### **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 have cast 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 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.

### **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.

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

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

We have nothing to report in these respects

### **Directors' responsibilities**

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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.

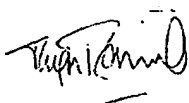
### **Auditor's responsibilities**

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](http://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

22 January 2021

**Profit and Loss Account and Other Comprehensive Income**  
*for the year ended 2 February 2020*

	<i>Note</i>	<b>2020</b> <b>£000</b>	<b>2019</b> <b>£000</b>
<b>Turnover</b>	<b>2</b>	<b>36,004</b>	<b>28,305</b>
Cost of sales		<b>(33,253)</b>	<b>(25,910)</b>
<b>Gross profit</b>		<b>2,751</b>	<b>2,395</b>
Administrative expenses		<b>(881)</b>	<b>(3,071)</b>
Other operating income	<b>3</b>	<b>150</b>	<b>96</b>
<b>Operating profit/(loss)</b>		<b>2,020</b>	<b>(580)</b>
Other interest receivable and similar income	<b>7</b>	<b>51</b>	<b>56</b>
<b>Profit/(loss) before taxation</b>		<b>2,071</b>	<b>(524)</b>
Tax on Profit/(Loss)	<b>8</b>	<b>(395)</b>	<b>66</b>
<b>Profit/(loss) for the financial year</b>		<b>1,676</b>	<b>(458)</b>

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 for the current and preceding year.

The notes on pages 11 to 20 form part of these financial statements.

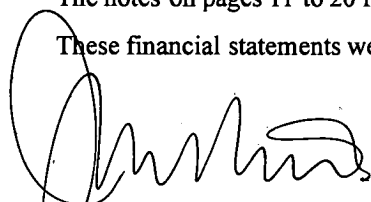
## Balance Sheet

at 2 February 2020

	Note	2020 £000	2019 £000
<b>Fixed assets</b>			
Tangible assets	9	3,669	3,565
			3,669
<b>Current assets</b>			
Stocks	10	67	131
Debtors	11	9,817	8,906
Cash at bank and in hand	12	5,741	4,342
		15,625	13,379
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	13	(10,524)	(8,915)
<b>Net current assets</b>			5,101
<b>Total assets less current liabilities</b>			8,770
Deferred tax	14	(275)	(210)
			(275)
<b>Net assets</b>			8,495
<b>Capital and reserves</b>			
Called up share capital	15	1	1
Profit and loss account		7,471	6,795
Revaluation reserve		1,023	1,023
<b>Shareholders' funds</b>			8,495

The notes on pages 11 to 20 form part of these financial statements.

These financial statements were approved by the board of directors on 21 January 2021 and are signed on its behalf by:

  
**JW Muir**  
Director

**Statement of Changes in Equity**  
*at 2 February 2020*

	Called up share capital £000	Share premium account £000	Revaluation reserve £000	Profit and loss account £000	Total equity £000
<b>Balance at 28 January 2018</b>	<u>1</u>	<u>-</u>	<u>1,023</u>	<u>7,253</u>	<u>8,277</u>
<b>Total comprehensive income for the period</b> (Loss)/Profit for the year	-	-	-	(458)	(458)
<b>Total comprehensive income for the period</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(458)</u>	<u>(458)</u>
Transactions with owners, recorded directly in equity					
<b>Balance at 3 February 2019</b>	<u>1</u>	<u>-</u>	<u>1,023</u>	<u>6,795</u>	<u>7,819</u>

	Called up share capital £000	Revaluation reserve £000	Profit and loss account £000	Total equity £000
<b>Balance at 3 February 2019</b>	<u>1</u>	<u>1,023</u>	<u>6,795</u>	<u>7,819</u>
<b>Total comprehensive income for the period</b> Profit for the year	-	-	1,676	1,676
<b>Total comprehensive income for the period</b>	<u>-</u>	<u>-</u>	<u>1,676</u>	<u>1,676</u>
Transactions with owners, recorded directly in equity				
Dividends	-	-	(1,000)	(1,000)
<b>Total contributions by and distributions to owners</b>	<u>-</u>	<u>-</u>	<u>(1,000)</u>	<u>(1,000)</u>
<b>Balance at 2 February 2020</b>	<u>1</u>	<u>1,023</u>	<u>7,471</u>	<u>8,495</u>

The notes on pages 11 to 20 form part of these financial statements

## 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.

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* (FRS102). 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.

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:

- 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.

Judgements made by the directors in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 19.

#### 1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

#### 1.2 Going concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared a going concern assessment for a period covering at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides and the anticipated impact of COVID-19, on the operations and its financial resources, the Company will have sufficient funds to meet its liabilities as they fall due for that period. Reasonably possible downsides evaluated include reduced construction activity.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

#### 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.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.4 Tangible Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of tangible fixed assets 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 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
fixtures 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 billed and 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.

Development cost includes land, construction costs, professional fees and interest. Net realisable value represents the estimated sale price less costs estimated to be incurred up to the date of disposal.

#### 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.

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.

## Notes (continued)

### 1 Accounting Policies (continued)

#### 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 JW 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 profit and loss account in the year they are payable.

#### 1.8 Turnover

Turnover 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.

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

#### 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.

## Notes (continued)

### 2 Turnover

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

	2020 £000	2019 £000
Construction	36,004	28,305
	<u>36,004</u>	<u>28,305</u>

### 3 Other operating income

	2020 £000	2019 £000
Net gain on disposal of tangible fixed assets	150	96
	<u>150</u>	<u>96</u>

### 4 Expenses and auditor's remuneration

*Included in the profit are the following:*

	2020 £000	2019 £000
Hire of plant and machinery	2,522	2,126
Depreciation	810	756
	<u>2,522</u>	<u>2,126</u>

*Auditor's remuneration:*

	2020 £000	2019 £000
Audit of these financial statements		
Amounts receivable by the company's auditor and its associates in respect of:		
Audit of financial statements of the company	22	25
Taxation compliance services	7	4
	<u>29</u>	<u>29</u>

## Notes (continued)

### 5 Staff numbers and costs

	2020 No	2019 No
Average number of employees:		
Management & administration	65	62
Operations	41	43
	<u>106</u>	<u>105</u>
	£000	£000
Wages and salaries	4,583	3,959
Social security costs	482	420
Contributions to defined contribution plans	250	230
	<u>5,315</u>	<u>4,609</u>

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

### 6 Directors' remuneration

	2020 £000	2019 £000
Emoluments	547	474
Company contributions to money purchase schemes	40	39
	<u>587</u>	<u>513</u>

The aggregate of emoluments and amounts receivable of the highest paid director were £210,000 (2019: £173,000) and company pension contributions of £14,000 (2019: £13,700) were made to a money purchase scheme on his behalf.

	Number of directors 2020	2019
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	3	3

### 7 Other interest receivable and similar income

	2020 £000	2019 £000
Interest receivable on deposits	30	27
Interest receivable from group undertakings	21	25
Other interest receivable	-	4
Total interest receivable and similar income	<u>51</u>	<u>56</u>

## Notes (continued)

### 8 Taxation

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

	2020 £000	£000	2019 £000	£000
<i>Current tax</i>				
Current tax on income for the period	327		(61)	
Adjustments in respect of prior periods	3		-	
Total current tax		330		(61)
<i>Deferred tax (see note 14)</i>				
Origination and reversal of timing differences	84		(5)	
Adjustment in respect of prior year periods	(19)		-	
Total deferred tax		65		(5)
Total tax		395		(66)

	£000	2020 £000	£000	£000	2019 £000	£000
	<b>Current tax</b>	<b>Deferred tax</b>	<b>Total tax</b>	<b>Current tax</b>	<b>Deferred tax</b>	<b>Total tax</b>
Recognised in Profit and loss account	330	65	395	(61)	(5)	(66)
Total tax	330	65	395	(61)	(5)	(66)

#### Analysis of current tax recognised in profit and loss

	2020 £000	2019 £000
UK corporation tax	330	(61)
Total current tax recognised in profit and loss	330	(61)

#### Reconciliation of effective tax rate

	2020 £000	2019 £000
Profit/(Loss) for the year	1,676	(458)
Total tax expense	395	(66)
Profit/(Loss) excluding taxation	2,071	(524)
Tax using the UK corporation tax rate of 19.0% (2019: 19.0%)	393	(100)
<i>Effects of:</i>		
Difference between capital allowances and depreciation	35	39
(Loss)/gain on disposal of fixed assets	(29)	(18)
Non-deductible expenses	12	13
Adjustment in respect of prior years	(16)	-
Total tax expense included in profit or loss	395	(66)

## Notes (continued)

### 8 Taxation (continued)

#### *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 6 September 2016, and the UK deferred tax liability as at 2 February 2020 has been calculated based on this rate. In the 11 March 2020 Budget it was announced that the UK tax rate will remain at the current 19% and not reduce to 17% from 1 April 2020. This will have a consequential effect on the company's future tax charge.

### 9 Tangible fixed assets

	Freehold land and buildings £000	Furniture and Fittings £000	Plant and equipment £000	Motor vehicles £000	Total £000
<b>Cost</b>					
At beginning of year	2,903	1,463	4,725	1,317	10,408
Additions	13	16	553	419	1,001
Disposals	-	-	(279)	(357)	(636)
<b>At end of year</b>	<b>2,916</b>	<b>1,479</b>	<b>4,999</b>	<b>1,379</b>	<b>10,773</b>
<b>Depreciation</b>					
At beginning of year	1,083	1,430	3,664	666	6,843
Charge for year	112	18	473	207	810
Disposals	-	-	(255)	(294)	(549)
<b>At end of year</b>	<b>1,195</b>	<b>1,448</b>	<b>3,882</b>	<b>579</b>	<b>7,104</b>
<b>Net book value</b>					
At beginning of year	1,820	33	1,061	651	3,565
<b>At end of year</b>	<b>1,721</b>	<b>31</b>	<b>1,117</b>	<b>800</b>	<b>3,669</b>

### 10 Stocks

	2020 £000	2019 £000
Raw materials and consumables	24	12
Work in progress	43	119
	<b>67</b>	<b>131</b>

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £131,000 (2019: £92,000).

**Notes** (continued)

**11 Debtors**

	2020 £000	2019 £000
Trade debtors	149	159
Construction contract debtors	6,171	5,740
Amounts owed by parent	2,512	2,027
Amounts owed by group undertakings	396	646
Amounts owed by related parties in which the company and group has a participating interest	276	204
Corporation tax receivable	-	61
Other debtors	213	-
Prepayments and accrued income	100	69
	<u>9,817</u>	<u>8,906</u>
Due within one year		

**12 Cash and cash equivalents**

	2020 £000	2019 £000
Cash at bank and in hand	<u>5,741</u>	<u>4,342</u>

**13 Creditors: amounts falling due within one year**

	2020 £000	2019 £000
Trade creditors	8,796	8,490
Amounts owed to group undertakings	48	119
Taxation and social security	370	(283)
Corporation tax	330	-
Accruals and deferred income	511	253
Other creditors	469	336
	<u>10,524</u>	<u>8,915</u>

**14 Deferred tax assets and liabilities**

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2020 £000	2019 £000	2020 £000	2019 £000	2020 £000	2019 £000
Accelerated capital allowances	-	-	308	217	308	217
Other short term timing differences	(33)	(7)	-	-	(33)	(7)
Net deferred tax asset / (liabilities)	<u>(33)</u>	<u>(7)</u>	<u>308</u>	<u>217</u>	<u>275</u>	<u>210</u>

## Notes (continued)

### 15 Capital and reserves

	Ordinary shares	
In number of shares		
On issue at 3 February 2019 and 2 February 2020		<u>100</u>
	2020	2019
	£	£
<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 given indemnities amounting to £3,766,000 (2019: £2,563,000) 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

A 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 2 February 2020 contributions totalling £400,000 (2019: £400,000) were payable by JW Muir Group Plc to the defined benefit scheme.

## Notes (continued)

### 18 Related Party Transactions

#### Receivables

Company	Sales To		Admin Fee Income	
	2020 £000	2019 £000	2020 £000	2019 £000
JW Muir (Property Investments) Limited	288	26	31	31
Scarborough Muir Group Limited	1,006	704	-	-
Total	<u>1,294</u>	<u>730</u>	<u>31</u>	<u>31</u>

Company	Receivables Outstanding	
	2020 £000	2019 £000
JW Muir (Property Investments) Limited	-	24
Scarborough Muir Group Limited	276	117
Scarborough Hermiston Limited	-	63
Total	<u>276</u>	<u>204</u>

All companies are a related party by virtue of a common ultimate shareholder.

### 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.

### 20 Parent company

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

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.

### 21 Post balance sheet events

Subsequent to the balance sheet date, the UK's short-term economic outlook has deteriorated as a consequence of the COVID-19 pandemic and the measures taken by Government to control the spread of the virus.

The Directors have reviewed the impact of COVID-19 and its potential impact on the business but believe that there is no requirement for disclosure beyond that already made in the Strategic Report and Going Concern Note (note 1).