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Scott-Moncrieff
business advisers and accountants

ARNBROOK INVESTMENTS LIMITED

Company registration number SC178697

**DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018**

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ARNBROOK INVESTMENTS LIMITED

CONTENTS

	Page
Company Information	1
Group Strategic Report	2
Director's Report	3 - 4
Independent Auditor's Report	5 - 7
Consolidated Statement of Income and Retained Earnings	8
Consolidated Balance Sheet	9
Company Balance Sheet	10
Consolidated Statement of Cash Flows	11
Notes to the Financial Statements	12 - 30

ARNBROOK INVESTMENTS LIMITED

COMPANY INFORMATION

Director	AJ O'Neill
Company secretary	SV O'Neill
Registered number	SC178697
Registered office	Seafield Road Longman Inverness IV1 1SG
Independent auditor	Scott-Moncrieff Chartered Accountants 25 Bothwell Street Glasgow G2 6NL
Bankers	Royal Bank of Scotland Plc 29 Harbour Road Inverness IV1 1NU
Solicitors	Dallas McMillan Regent Court 70 West Regent Street Glasgow G2 2QZ

ARNBROOK INVESTMENTS LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 JANUARY 2018

The director presents his Strategic Report and the financial statements of the group for the year ended 31 January 2018.

Results and dividends

The results for the year and the financial position of the group are shown in the annexed financial statements. A dividend of £nil was paid during the year (2017: £22,000).

Review of the business and future developments

The group engages in construction and the director expects this activity to continue for the foreseeable future.

The current year is expected to present challenges due to the continuing economic downturn in the construction sector.

Principal risks and uncertainties

The principal risk affecting the continuing growth of the group is the level of competition for available work.

Key performance indicators

The director regards turnover and gross profit percentage as key performance indicators. In the year under review the group's turnover increased by 4.05% to £10.6 million (2017: £10.2 million) whilst gross profit percentage has decreased to 16.7% (2017: 18%).

Fixed assets

The changes in fixed assets during the year are summarised in the notes to the financial statements. The director considers that the market value of land and buildings is not less than the Balance Sheet value.

This report was approved by the director and signed by:

.....
AJ O'Neill
Director

Date: 26 October 2018

ARNBROOK INVESTMENTS LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 JANUARY 2018

The director presents his report and the group financial statements for the year ended 31 January 2018.

Director's responsibilities statement

The director is responsible for preparing the Group Strategic Report, the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial period. Under that law the director has elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period.

In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The director confirms that he has complied with the above requirements in preparing the financial statements.

The director is 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 to enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Director

The director who served during the year and up to the date these financial statements were signed was:

AJ O'Neill

Matters covered in the Strategic Report

The information regarding the principal activity, results and dividends, review of business and future developments, key performance indicators, principal risks and uncertainties and fixed assets is shown in the Strategic Report and not the Director's Report.

Disclosure of information to the auditor

The director at the time when this Director's Report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the auditor is unaware; and
- he has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the auditor is aware of that information.

Post balance sheet events

There have been no significant events affecting the company since the year end.

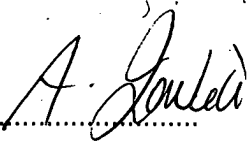
ARNBROOK INVESTMENTS LIMITED

**DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2018**

Auditor

The auditor, Scott-Moncrieff, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the director and signed by:



AJ O'Neill
Director

Date: 26 October 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARNBROOK INVESTMENTS LIMITED

Opinion

We have audited the financial statements of Arnbrook Investments Limited (the 'parent company') and its subsidiary (the 'group') for the year ended 31 January 2018, which comprise the Consolidated Statement of Income and Retained Earnings, the Consolidated and Company Balance Sheets, the Consolidated Statement of Cash Flows and the notes to the financial statements, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the effects of the matter described in the Basis of Qualified Opinion paragraph, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 January 2018 and of the group's loss 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 qualified opinion

As disclosed in note 27 the subsidiary company has a defined benefit pension scheme which closed to future accrual on 31 January 2008 and the directors have not obtained a valuation at 31 January 2018 under Financial Reporting Standard 102 "Section 28 Employee Benefits". The subsidiary company should obtain an annual FRS 102 valuation of the pension scheme and incorporate the resultant surplus or deficit into the financial statements in accordance with FRS 102. The valuation obtained in the year ended 31 January 2005 (prepared under FRS 17) was not incorporated into the subsidiary company's financial statements and a valuation has not been obtained since that date.

The directors obtained a full Triennial valuation of the scheme as at 1 February 2017. This valuation shows a surplus of £646,000 which is not reflected in the financial statements of the subsidiary company.

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 director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has 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.

ARNBROOK INVESTMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARNBROOK INVESTMENTS LIMITED (CONTINUED)

Other information

The director is responsible for the other information. The other information comprises the information included in the Annual Report, other than the group and parent company's financial statements and our Auditor's Report thereon. Our opinion on the group and parent company's financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the group and parent company's financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the group and parent company's 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 group and parent company's 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion 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 Group Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Director's 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 their environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report and the Director's Report.

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

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

ARNBROOK INVESTMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARNBROOK INVESTMENTS LIMITED (CONTINUED)

Responsibilities of the directors

As explained more fully in the Director's Responsibilities Statement on page 3, the director is 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 director determines 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 director is 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 director either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

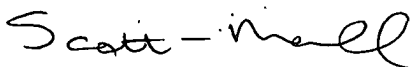
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. The description forms part of our Auditor's Report.

Use of our report

This report is made solely to the parent 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 parent company's members, as a body, 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 parent company and the parent company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Bernadette Higgins (Senior Statutory Auditor)
for and on behalf of
Scott-Moncrieff, Statutory Auditor
Chartered Accountants
25 Bothwell Street
Glasgow
G2 6NL

26 October 2018

ARNBROOK INVESTMENTS LIMITED

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 JANUARY 2018

	Note	2018 £	2017 £
Turnover	4	10,606,082	10,193,617
Cost of sales		(8,833,082)	(8,352,146)
Gross profit		1,773,000	1,841,471
Administrative expenses		(2,024,316)	(1,943,010)
Other operating income		137,410	111,360
Operating (loss)/profit	6	(113,906)	9,821
Interest receivable and similar income		185	1,858
Interest payable and expenses	9	(8,684)	(7,894)
(Loss)/profit before tax		(122,405)	3,785
Tax on (loss)/profit	10	13,138	7,515
(Loss)/profit after tax		(109,267)	11,300
Retained earnings at the beginning of the year		2,202,319	2,213,019
		2,202,319	2,213,019
(Loss)/profit for the year attributable to the owners of the parent		(109,267)	11,300
Dividends declared and paid		-	(22,000)
Retained earnings at the end of the year		2,093,052	2,202,319

There were no recognised gains and losses for 2018 or 2017 other than those included in the Consolidated Statement of Income and Retained Earnings.

The notes on pages 12 to 30 form part of these financial statements.

ARNBROOK INVESTMENTS LIMITED
REGISTERED NUMBER: SC178697

CONSOLIDATED BALANCE SHEET
AS AT 31 JANUARY 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	11	1,206,610	1,304,094
Investments	13	14,043	20,506
Investment property	12	600,000	600,000
		<u>1,820,653</u>	<u>1,924,600</u>
Current assets			
Stocks	15	103,105	119,463
Debtors: amounts falling due after more than one year	16	138,442	105,602
Debtors: amounts falling due within one year	16	1,466,895	1,297,990
Cash at bank and in hand	17	1,763,994	1,670,209
		<u>3,472,436</u>	<u>3,193,264</u>
Creditors: amounts falling due within one year	18	(3,087,881)	(2,726,690)
Net current assets		<u>384,555</u>	<u>466,574</u>
Total assets less current liabilities		<u>2,205,208</u>	<u>2,391,174</u>
Creditors: amounts falling due after more than one year	19	(50,951)	(113,219)
Deferred tax		(36,005)	(50,436)
Net assets		<u>2,118,252</u>	<u>2,227,519</u>
Capital and reserves			
Called up share capital	23	25,200	25,200
Profit and loss account	24	2,093,052	2,202,319
		<u>2,118,252</u>	<u>2,227,519</u>

The financial statements were approved and authorised for issue by the director and were signed on its behalf by:


AJ O'Neill
 Director

Date: 26 October 2018

The notes on pages 12 to 30 form part of these financial statements.

ARNBROOK INVESTMENTS LIMITED
REGISTERED NUMBER: SC178697

COMPANY BALANCE SHEET
AS AT 31 JANUARY 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	11	23,419	29,660
Investments	13	819,964	826,427
		<u>843,383</u>	<u>856,087</u>
Current assets			
Debtors: amounts falling due within one year	16	169,081	287,113
Cash at bank and in hand	17	2	-
		<u>169,083</u>	<u>287,113</u>
Creditors: amounts falling due within one year	18	(1,001,961)	(1,021,887)
Net current liabilities		<u>(832,878)</u>	<u>(734,774)</u>
Total assets less current liabilities		<u>10,505</u>	<u>121,313</u>
Creditors: amounts falling due after more than one year	19	(6,987)	(15,448)
Provisions for liabilities			
Deferred tax		-	(1,281)
		<u>-</u>	<u>(1,281)</u>
Net assets		<u>3,518</u>	<u>104,584</u>
Capital and reserves			
Called up share capital	23	25,200	25,200
Profit and loss account	24	(21,682)	79,384
		<u>3,518</u>	<u>104,584</u>

The financial statements were approved and authorised for issue by the director and were signed on its behalf on 26 October 2018 by:



AJ O'Neill
 Director

The notes on pages 12 to 30 form part of these financial statements.

ARNBROOK INVESTMENTS LIMITED
**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JANUARY 2018**

	2018 £	2017 £
Cash flows from operating activities		
(Loss)/profit for the financial year	(109,267)	11,300
Adjustments for:		
Depreciation of tangible assets	126,524	122,215
Loss on disposal of tangible assets	151	(1,188)
Interest paid	8,684	7,894
Interest received	(185)	(1,858)
Taxation charge	(13,138)	(7,515)
Decrease in stocks	16,358	9,946
(Increase) in debtors	(201,745)	(198,462)
Increase in creditors	371,106	20,170
Corporation tax received/(paid)	1,088	(14,734)
Net cash generated from operating activities	199,576	(52,232)
Cash flows from investing activities		
Purchase of intangible fixed assets	-	(94,360)
Sale of intangible assets	-	1,263
Purchase of tangible fixed assets	(29,191)	-
Sale of unlisted and other investments	6,463	-
Interest received	185	1,858
HP interest paid	(8,684)	(7,894)
Net cash from investing activities	(31,227)	(99,133)
Cash flows from financing activities		
Repayment of/new finance leases	(72,594)	(29,167)
Dividends paid	-	(22,000)
Net cash used in financing activities	(72,594)	(51,167)
Net increase/(decrease) in cash and cash equivalents	95,755	(202,532)
Cash and cash equivalents at beginning of year	674,080	876,612
Cash and cash equivalents at the end of year	769,835	674,080
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,763,994	1,670,209
Bank overdrafts	(994,159)	(996,129)
	769,835	674,080

ARNBROOK INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2018

1. General information

These financial statements are presented in Pounds Sterling (GBP), as that is the currency in which the group's and company's transactions are denominated. They comprise the financial statements of the group and company drawn up for the year ended 31 January 2018.

The continuing activity of Arnbrook Investments Limited ("the company") is that of a holding company. The principal activity of the subsidiary company is shown in note 13 to the financial statements.

The company is a private company limited by shares and is incorporated in the United Kingdom and registered in Scotland. Details of the registered office can be found on the company information page of these financial statements. The company's registered number is SC178697.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the group's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the company and its own subsidiaries ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Income and Retained Earnings from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Going concern

The group has sufficient financial resources to meet its day-to-day working capital requirements. The director believes that the group is well placed to manage its business risks successfully and operate within the level of its current facilities.

The director has a reasonable expectation that the group has adequate resources to continue in existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018**

2. Accounting policies (continued)

2.4 Turnover

Turnover from a contract to provide services is recognised based on the proportion of the service provided during the year at the transaction price received or receivable, excluding discounts and value added taxes.

Turnover from a construction contract is recognised as the value of work done in the year based on surveyors' valuations of the work performed to date. If a surveyor's valuation is not available, the group only recognises income to the extent of any contract costs that it is probable will be recoverable. These costs must also be recognised in the period that they are incurred.

The group will recognise as an expense immediately any costs whose recovery is not probable. When it is probable that total contract costs will exceed total contract turnover on a construction contract, the value of the expected loss is included as an expense immediately.

2.5 Other operating income

Other operating income is recognised when it becomes receivable.

2.6 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Heritable property	- 2% straight line
Plant and machinery	- 12.5% to 33.33% straight line
Motor vehicles	- 12.5% to 33.33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Income and Retained Earnings.

2.7 Investment property

Investment properties are industrial units and office premises leased to third parties. Investment properties are valued annually by reference to yields achieved on similar properties in the Inverness area.

2.8 Valuation of investments

Investments are stated at cost less provision for diminution in value if such diminution is deemed to be permanent.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018**

2. Accounting policies (continued)

2.9 Stocks

Stock and work in progress is valued at the lower of cost and net realisable value. The net realisable value of construction work in progress, which includes attributable profit on contracts and is determined on the basis of measured work to the Balance Sheet date, is included in debtors. Deductions are made for net foreseeable losses and progress payments received. Payments received in excess of net realisable value on a contract are included in creditors.

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Trade and other debtors are recognised at the settlement amount due after any trade discount offered.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the group's cash management.

2.12 Financial instruments

The group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at the present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Income and Retained Earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the group would receive for the asset if it were to be sold at

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018**

2. Accounting policies (continued)

2.12 Financial instruments (continued)

the Balance Sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.13 Creditors

Short term creditors are measured at the transaction price allowing for any trade discount due.

2.14 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.15 Operating leases: the Group as lessor

Rentals income from operating leases is credited to the Consolidated Statement of Income and Retained Earnings on a straight line basis over the term of the relevant lease.

Amounts paid and payable as an incentive to sign an operating lease are recognised as a reduction to income over the lease term on a straight line basis, unless another systematic basis is representative of the time pattern over which the lessor's benefit from the leased asset is diminished.

2.16 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated Statement of Income and Retained Earnings on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 1 February 2016 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.17 Hire purchase and leasing commitments

Assets obtained under hire purchase contracts are capitalised in the Balance Sheet and are depreciated over their useful lives. The interest element of the rental obligation is charged to the Statement of Income and Retained Earnings over the period of the hire.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018**

2. Accounting policies (continued)

2.18 Pensions

Defined contribution pension plan

The group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Income and Retained Earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the group in independently administered funds.

2.19 Current and deferred taxation

The tax expense for the year comprises current and deferred tax.

The corporation tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax is provided in respect of the tax effect of all timing differences that have originated but not reversed at the Balance Sheet date.

Deferred tax is measured on a non-discounted basis, at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The directors are satisfied that accounting policies are appropriate and applied consistently. Key sources of accounting estimation have been applied to the depreciation rates which are deemed to be appropriate for the class of assets, the provision of bad debts based on the directors' expectations of likely receipts after the year end, the calculation of the provision required for remedials, the consideration of fair value of the investment property based on rental yields for similar properties within the Inverness area and the valuation of work in progress based on surveyors' valuations of work performed at the end of each accounting period.

ARNBROOK INVESTMENTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018****4. Turnover**

The whole of the turnover is attributable to the principal activities of the group.

	2018 £	2017 £
United Kingdom	10,606,082	10,193,617
	<u>10,606,082</u>	<u>10,193,617</u>

All turnover arose within the United Kingdom.

5. Other operating income

	2018 £	2017 £
Rents received	114,099	110,172
Profit on disposal of fixed assets	-	1,188
Profit on disposal of fixed asset investments	23,311	-
	<u>137,410</u>	<u>111,360</u>

6. Operating (loss)/profit

The operating (loss)/profit is stated after charging/(crediting):

	2018 £	2017 £
Depreciation of tangible fixed assets	126,524	122,215
Auditor's remuneration – audit fee	19,323	18,645
Auditor's remuneration – non-audit fees	1,390	1,370
Hire of plant and machinery	229,614	314,848
Operating lease payments	39,587	35,954
Gain on sale of fixed assets	151	(1,188)
Defined contribution pension cost	94,940	82,890
Defined benefit pension cost	68,220	66,041

ARNBROOK INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2018

7. Employees

Staff costs, including director's remuneration, were as follows:

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Wages and salaries	2,492,247	2,391,613	137,000	155,000
Social security costs	255,411	235,208	17,406	20,177
Cost of defined benefit scheme	68,220	66,041	-	-
Cost of defined contribution scheme	94,940	82,890	-	-
	<u>2,910,818</u>	<u>2,775,752</u>	<u>154,406</u>	<u>175,177</u>

The average monthly number of employees, including the director, during the year was as follows:

	Group 2018 No.	Group 2017 No.	Company 2018 No.	Company 2017 No.
Operatives	45	44	-	-
Office and management	27	25	2	2
	<u>72</u>	<u>69</u>	<u>2</u>	<u>2</u>

8. Director's remuneration

	2018 £	2017 £
Director's emoluments	68,683	73,881
	<u>68,683</u>	<u>73,881</u>

During the year retirement benefits were accruing to no directors (2017 - NIL) in respect of defined contribution pension schemes.

Key management personnel are deemed to be the director as disclosed above.

ARNBROOK INVESTMENTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018****9. Interest payable and similar expenses**

	2018	2017
	£	£
Finance leases and hire purchase contracts	8,684	7,894
	8,684	7,894

10. Taxation

	2018	2017
	£	£
Corporation tax		
Current tax on profits for the year	-	8,019
Adjustments in respect of previous periods	1,293	6
Total current tax	1,293	8,025
Deferred tax		
Origination and reversal of timing differences	(14,431)	(15,540)
Taxation on loss on ordinary activities	(13,138)	(7,515)

ARNBROOK INVESTMENTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018****10. Taxation (continued)****Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2017 - *lower than*) the standard rate of corporation tax in the UK of 19.16% (2017 - 20%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	(122,405)	3,785
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.16% (2017 - 20%)	(23,453)	757
Effects of:		
Expenses not deductible for tax purposes	1,368	608
Non-taxable income	71	-
Short term timing differences	1,293	-
Deferred tax timing differences	11,350	-
Adjust closing deferred tax to average rate of 19.16%	(3,767)	(8,880)
Total tax charge for the year	(13,138)	(7,515)

Factors that may affect future tax charges

A reduction in the corporation tax rate to 17% (effective from April 2020) was announced in the Budget on 16 March 2017. This will reduce the company's future tax charge accordingly.

ARNBROOK INVESTMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018**

11. Tangible fixed assets

Group

	Heritable property £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation				
At 1 February 2017	874,287	630,622	690,297	2,195,206
Additions	-	4,995	24,196	29,191
Disposals	-	(440)	(41,901)	(42,341)
At 31 January 2018	874,287	635,177	672,592	2,182,056
Depreciation				
At 1 February 2017	-	506,755	384,357	891,112
Charge for the year	-	44,670	81,854	126,524
Disposals	-	(292)	(41,898)	(42,190)
At 31 January 2018	-	551,133	424,313	975,446
Net book value				
At 31 January 2018	874,287	84,044	248,279	1,206,610
At 31 January 2017	874,287	123,867	305,940	1,304,094

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2018 £	2017 £
Plant and machinery	23,185	31,133
Motor vehicles	200,421	251,283
	223,606	282,416

ARNBROOK INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2018

11. Tangible fixed assets (continued)

The depreciation for the year includes £48,793 (2017: £47,491) in respect of assets leased under finance leases or under hire purchase contracts.

Company

	Motor vehicles £	Plant and Equipment £	Total £
Cost or valuation			
At 1 February 2017	25,812	21,376	47,188
At 31 January 2018	25,812	21,376	47,188
Depreciation			
At 1 February 2017	359	17,169	17,528
Charge for the year	4,302	1,939	6,241
At 31 January 2018	4,661	19,108	23,769
Net book value			
At 31 January 2018	21,151	2,268	23,419
At 31 January 2017	25,453	4,207	29,660

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2018 £	2017 £
Motor vehicles	21,151	25,543
	21,151	25,543

The depreciation for the year includes £4,302 (2017: £386) in respect of assets leased under finance leases or under hire purchase contracts.

ARNBROOK INVESTMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018**

12. Investment property

Group

	Freehold investment property £
Valuation	
At 1 February 2017	600,000
At 31 January 2018	600,000

The fair value of the investment property at 31 January 2018 has been arrived at using yield as a basis on passing rentals following consideration of yields achieved on similar properties in the Inverness area.

13. Fixed asset investments

Group

	Other fixed asset investments £
Cost or valuation	
At 1 February 2017	20,506
Disposals	(6,463)
At 31 January 2018	14,043
Net book value	
At 31 January 2018	14,043
At 31 January 2017	20,506

ARNBROOK INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2018

13. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £	Other fixed asset investments £	Total £
Cost or valuation			
At 1 February 2017	805,921	20,506	826,427
Disposals	-	(6,463)	(6,463)
At 31 January 2018	805,921	14,043	819,964
Net book value			
At 31 January 2018	805,921	14,043	819,964
At 31 January 2017	805,921	20,506	826,427

Other investments comprise loans due to the group which are secured over residential properties. A loan is repayable when a property is sold.

14. Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
McGregor Construction (Highlands) Limited	Ordinary	100 %	Construction

The registered address of McGregor Construction (Highlands) Limited is Seafield Road, Longman, Inverness, IV1 1SG.

ARNBROOK INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2018

15. Stocks

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Raw materials and consumables	103,105	119,463	-	-
	<u>103,105</u>	<u>119,463</u>	<u>-</u>	<u>-</u>

Stock recognised in cost of sales during the year as an expense was £2,129,963 (2017: £2,373,133). An impairment loss of £12,000 (2017: £12,000) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

16. Debtors

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Due after more than one year				
Amounts recoverable on long term contracts	138,442	105,602	-	-
	<u>138,442</u>	<u>105,602</u>	<u>-</u>	<u>-</u>

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Due within one year				
Trade debtors	19,083	40,889	-	-
Amounts owed by group undertakings	-	-	169,081	287,113
Prepayments and accrued income	32,799	40,029	-	-
Amounts recoverable on long term contracts	1,384,613	1,200,322	-	-
Tax recoverable	30,400	16,750	-	-
	<u>1,466,895</u>	<u>1,297,990</u>	<u>169,081</u>	<u>287,113</u>

A maintenance provision of £nil (2017 - £70,000) has been included against amounts recoverable on contracts at the year end to cover any additional costs on work in progress and completed contracts.

ARNBROOK INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2018

17. Cash and cash equivalents

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Cash at bank and in hand	1,763,994	1,670,209	2	-
Less: bank overdrafts	(994,159)	(996,129)	(994,159)	(996,129)
	<u>769,835</u>	<u>674,080</u>	<u>(994,157)</u>	<u>(996,129)</u>

18. Creditors: Amounts falling due within one year

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Bank overdrafts	994,159	996,129	994,159	996,129
Trade creditors	1,714,014	1,408,041	-	-
Corporation tax	13,650	11,269	-	-
Taxation and social security	131,883	93,633	-	-
Obligations under finance lease and hire purchase contracts	75,987	86,313	7,802	7,802
Accruals and deferred income	158,188	131,305	-	17,956
	<u>3,087,881</u>	<u>2,726,690</u>	<u>1,001,961</u>	<u>1,021,887</u>

Included within accruals at the year end are outstanding pension contributions of £30,449 (2017: £19,985).

The bank has an unlimited inter-company guarantee by the parent company and the subsidiary supported by a bond and floating charge over both companies and a standard security by the subsidiary over property owned by it.

19. Creditors: Amounts falling due after more than one year

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Obligations under finance leases and hire purchase contracts	50,951	113,219	6,987	15,448
	<u>50,951</u>	<u>113,219</u>	<u>6,987</u>	<u>15,448</u>

ARNBROOK INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2018

20. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2018 £	<i>Group 2017 £</i>	Company 2018 £	<i>Company 2017 £</i>
Within one year	75,987	86,313	7,802	7,802
Between 1-5 years	47,269	77,446	6,987	15,448
Over 5 years	3,682	35,773	-	-
	<u>126,938</u>	<u>199,532</u>	<u>14,789</u>	<u>23,250</u>

21. Financial instruments

	Group 2018 £	<i>Group 2017 £</i>	Company 2018 £	<i>Company 2017 £</i>
Financial assets				
Cash at bank and in hand	1,763,994	1,670,209	2	-
Financial assets that are debt instruments measured at amortised cost	1,542,138	1,346,813	169,081	287,113
	<u>3,306,132</u>	<u>3,017,022</u>	<u>169,083</u>	<u>287,113</u>
Financial liabilities				
Financial liabilities measured at amortised cost	2,993,299	2,735,007	1,008,948	1,037,335
	<u>2,993,299</u>	<u>2,735,007</u>	<u>1,008,948</u>	<u>1,037,335</u>

Financial assets measured at amortised cost comprise trade debtors, other debtors, amounts recoverable on contracts and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise bank overdraft, trade creditors, accruals and obligations under hire purchase contracts.

ARNBROOK INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2018

22. Deferred taxation

	2018 £
Group	
At beginning of year	(50,436)
Charged to profit or loss	14,431
At end of year	<u>(36,005)</u>
	2018 £
Company	
At beginning of year	(1,281)
Charged to profit or loss	1,281
At end of year	<u>-</u>

23. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
25,200 ordinary shares of £1 each	<u>25,200</u>	<u>25,200</u>

Ordinary shares are non-redeemable and one vote can be cast per share.

24. Reserves

Profit and loss account

The profit and loss account includes all current and prior year retained profits or losses.

25. Dividends

	2018 £	2017 £
A dividend in respect of the year ended 31 January 2018 of nil (2017: 87.302p) per all ordinary shares	-	22,000
	<u>-</u>	<u>22,000</u>

ARNBROOK INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2018

26. Contingent liabilities

Guarantee bonds have been issued by a bondsman on behalf of the subsidiary company. In consideration of this there is a floating charge on the assets of the subsidiary and a general agreement of indemnity by each of the group companies in favour of the bondsman.

27. Pension commitments

For a number of years the subsidiary company has operated a pension scheme providing benefits based on final pensionable salary. That scheme closed to future accrual on 31 January 2008. As the scheme is governed by trust deed, the scheme's assets are held separately from those of the subsidiary company. On 1 February 2006 a replacement scheme for former active members of the old scheme was introduced and benefits are money purchase based. Both the subsidiary company and member employees contribute to this new scheme.

The last completed triennial actuarial valuation of the old scheme was carried out as at 1 February 2017. On that date the value of the scheme assets was £9.245m and the value of liabilities was £8.599m, giving a funding level of 108%. The principal assumptions used in the valuation were as follows:

Discount interest rate (pre-retirement) 4.95%
Discount interest rate (post-retirement) 4.95%
PPI Inflation increases 3.10%

Post retirement pensions accrued in respect of service after 6 April 1997 are increased in line with RPI subject to a maximum of 5.0% per annum.

The director felt that a valuation under Financial Reporting Standard 102 at the Balance Sheet date would not provide an accurate or relevant summary of the funding position of the scheme. Therefore a FRS 102 valuation was not carried out.

The subsidiary company continues to make contributions to the closed scheme in line with the Schedule of Contributions as certified by the scheme actuary.

During the year, the pension costs charged to the Statement of Income and Retained Earnings in respect of the defined contribution scheme and the contributions to the closed scheme of the subsidiary company were £163,160 (2017: £148,931).

28. Commitments under operating leases

At 31 January 2018 the group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Other				
Not later than 1 year	35,686	34,612	544	-
Later than 1 year and not later than 5 years	37,029	62,783	-	-
Total	72,715	97,395	544	-

ARNBROOK INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2018

29. Future operating lease income

At 31 January 2018 the group was due future minimum income under non-cancellable operating leases as follows:

	2018 £	2017 £
Land and buildings		
Not later than 1 year	59,630	56,520
Later than 1 year and not later than 5 years	200,000	200,000
Later than 5 years	120,833	170,833
Total	380,463	427,353

30. Related party transactions

As permitted under FRS 102, transactions with other companies in the group have not been disclosed as related party transactions.

The group carried out work during the year on behalf of Alan O'Neill, director, on normal commercial terms. The transactions totalled £42,000 (2017: £10,000) and the balance at the year-end due to the group is £106,000 (2017: £64,000).

31. Controlling party

The ultimate controlling party is Alan O'Neill, director, due to his owning 100% of the issued share capital in the parent company.