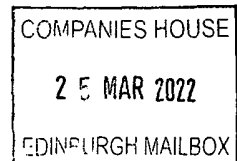


**Robertson CE Limited**

**Annual Report and Financial Statements**

**Registered number SC249935**

**Year ended 30 June 2021**



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## Company information

Directors	W G Robertson E C Robertson I Wilson B McQuade
Secretary	R I Campbell
Company number	SC249935
Registered office	10 Perimeter Road Pinefield Industrial Estate Elgin IV30 6AE
Auditor	BDO LLP City Point 65 Haymarket Terrace Edinburgh EH12 5HD
Bankers	Santander UK plc, Ground Floor, 301 St. Vincent Street Glasgow G2 5HN
Solicitors	Shepherd and Wedderburn Commercial House 2 Rubislaw Terrace Aberdeen AB10 1XE

## Strategic Report

### Principal activities

Robertson CE Limited, which is fully owned by Robertson Construction Group Limited, provides construction services to clients in the North East and North West of England, Yorkshire and the East Midlands. Its aim is to identify opportunities early in their development to enable it to work in partnership with - and deliver best value for – its clients and wherever possible, establish long term relationships with them.

Robertson CE augments the services offered with complimentary higher margin building services, civil engineering and specialist service businesses enabling the company to move into new markets.

### Business Review

During the year ended 30 June 2021, the company has produced a pre-tax profit of £5,428,000 (15 month period ended 30 June 2020: £313,000) for its shareholder.

The company made an interim dividend payment of £3.7m (2020: £nil). The directors do not recommend payment of a final dividend.

The company's net cash balance increased by £13.9m to £21.1m, while the net asset position increased to £2.4m.

The company's strategy has been developed on the following three main areas of focus:

#### 1) Business Development

The company continues to develop and strengthen its business development function focusing on using the knowledge of the market to target specific market sectors and key clients within those sectors. Through this process we also identify opportunities where there is scope to use our broad range of products and services. We can provide innovative delivery solutions, therefore, improving value for money delivery for clients and enhancing sustainable returns for the company. The function also actively looks to identify opportunities to expand our product and service offering where this leads to delivery of higher margin returns.

#### 2) Operational Performance

The strategy of the company must include a key focus on operational performance where we aim to deliver high quality outcomes for all our customers. We continually look at our efficiency and challenge our cost base to deliver the desired commercial return. We are fortunate to have developed a significant internal and external supply chain and through innovation can identify and implement new ways of completing processes and projects to maintain a competitive edge.

Reflecting on poor outcomes of some of the major players in our sector in recent years, our on-going assessment of risk requires us to continually assess both costs and risks thoroughly at bid stage and to diligently control and follow that assessment through to the end of the project, whilst having a sensible, measured view on volume growth.

#### 3) People

The most valuable asset of the company is the quality of our staff and it is our strategic aim to create a high performance culture; educating, training and developing our people to be the best. We strive to provide the correct remuneration packages to attract, motivate and retain employees and lastly build a resource pipeline to ensure we have the "right people" with the "right skills" at the "right time".

The above strategic focus must always be underpinned by our key strategic principles which are innovation, community, productivity and sustainability.

## Strategic Report (continued)

### Principal risks and uncertainties affecting the business

The principal risks and uncertainties affecting the company are varied and include the following:

- Funding risk. Whilst the company maintains a positive cash balance, it has access to the banking facilities of the wider Robertson Group. In negotiating these banking facilities forecasts for the next three years were reviewed. These were based on base case expectations and taking account of reasonable sensitivities in the key assumptions, and the provision of appropriate levels of security to gain the optimal funding solution of the Robertson Group. Based on these forecasts the directors have an expectation that the facilities available will be sufficient for the company for the foreseeable future.
- Macro-economic factors affecting the whole of the construction industry and the wider economy.
- Inflationary risk. The Group's future profitability could be negatively impacted by material price increases and also increasing labour costs. We try to mitigate this by entering long terms agreements with key suppliers, and developing supply chain relationships
- Material availability risk. The Group's profitability could be negatively impacted by material shortages. The impact on programmes and delivery of projects could cause significant financial penalties. By working with our supply chain, and buying and storing materials in advance we try to ensure that we have what we need at the appropriate time.
- Credit risk. The company is exposed to the credit risk that some of its customers may be unable to pay when the debt falls due. This may be due to cash flow problems, difficult trading or financial issues of the customers. Failure to receive all monies due would have an adverse effect on company cashflow and profitability.
- Effect of legislation or other regulatory activities. The company continually monitors all forthcoming and current legislation and guidelines to ensure it fully complies with all necessary requirements.
- Construction risk. The company places considerable emphasis on front end controls and ongoing project diligence in an attempt to minimise construction risk.
- Covid-19: The risks above have been exacerbated by the Covid-19 pandemic with all operations experiencing a period of shut-down and remobilisation. Business and scenario planning have been exhaustive to ensure we fully understand the operational and financial implications. We recognise that we must remain focussed and be able to adapt to any changes in the environment, working practices and Government guidance.
- Brexit: as all the company's operations are conducted within the UK with no significant EU imports, Brexit is not considered to be a significant risk to the business.

## Strategic Report (continued)

### Key performance indicators

Key financial performance indicators include the monitoring of working capital and profit margins, which are closely scrutinised each month against budget.

#### *Key financial performance indicators*

		Year ended 30 June 2021	15 month period ended 30 June 2020	Measure
Profit before tax	£000's	5,428	313	
Gross margin	%	6.1%	3.6%	Gross profit / Turnover
Overhead recovery	%	2.3%	3.8%	Admin expenses / Turnover
Debtors days	Days	49	31	Trade debtors / turnover * 365
Cashflow	£000's	13,915	(2,622)	Cash increase/(decrease)

### Future developments

The directors expect the general level of activity to continue to remain steady. The directors aim to maintain the management policies which have resulted in the company's continued trading performance in recent years.

This report was approved by the Board and signed on its behalf.



**I Wilson**  
Director  
21 December 2021

10 Perimeter Road,  
Pinefield Industrial Estate,  
Elgin, IV30 6AE

## Directors' Report

The directors present their audited financial statements for the year ended 30 June 2021. The prior period comparative figures are for the 15 month period ended 30 June 2020.

The directors have included in the Strategic Report matters required by regulations under section 416(4), these include principal risks and uncertainties affecting the business and future developments.

### Directors

The directors who held office during the period and to the date of this report are as follows:

W G Robertson  
E C Robertson  
I Wilson  
B McQuade

### Directors' indemnities

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report.

### Principal activity

The principal activity of the company was that of construction.

### Going concern

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

The company has conducted a thorough review of workload, overhead and cashflows. A forecast model was prepared for the company for the new financial year and the next financial year. This showed the profitability and positive cash position of the company.

The company continues to review the trading and cash flow performance of the company against forecast. This includes the review of daily and weekly cash flows, project performance against budget in terms of turnover and productivity. If we experience a material change in our work winning and delivery, the company is in a strong position to deal with any slow down.

At the Statement of financial position date, the company had no requirement for any debt facilities to be in place with its bank. The company is included within the group wide cash pooling arrangement which is in place for its subsidiaries. This was also the case at the date of signing and the company maintains healthy positive cash balances. All sites are operational with improving productivity, reaching levels experienced prior to the effect of Covid-19 related restrictions. The latest trading performance is tracking on budget representing a return to strong profitability. The company recognises that the management of cash resources is paramount during such times and the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis in preparing the annual financial statements.

## Directors' Report (continued)

### Dividends

The directors recommended and paid an interim dividend of £3,663,000 (2020: *£nil*), and no final dividend has been recommended.

### Employees

During the period the policy of providing employees with general information continued. Relevant information is supplied at the discretion of management, when considered appropriate.

The company gives every consideration to applications for employment from disabled persons where the requirements of the job may be adequately covered by a handicapped or disabled person.

With regard to existing employees and those who have become disabled during the period, the company has continued to examine ways and means of providing continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

Equal opportunities are given to all employees for training, career development and promotion. The company involves employees in matters affecting terms and conditions of employment. Induction courses are run for new employees.

### Political and charitable donations

The company made no political contributions but made charitable donations during the period of £50 (2020: *£810*).

### Disclosure of information to auditor

Each of the persons who is a director 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
- the directors have taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### Section 172(1) statement

The directors have acted in accordance with their duties which include their duty to act in the way in which they consider, in good faith, would be most likely to promote the long-term success of the company for the benefit of its members as a whole, having regard to the stakeholders and matters set out on section 172(1) of the Companies Act 2006:

- The long term success of the company is embedded in decision making at a Board level including regular engagement with the shareholders, who are also directors. The company conducts monthly Performance Reviews which are attended by the full senior management teams. All new potential construction and contracts, and development opportunities are subject to a 3 stage gateway process with final approval by the directors before an opportunity can be bid for.
- The company conducts regular meetings which are attended by the full group board which includes shareholders.
- The drive to maintain high standards of business conduct remains a focus of the directors and is reinforced with the adoption of the "Robertson Way" with its five principles: we listen, we are professional, we take responsibility, we are determined to succeed, and we are one team.



## Directors' Report (continued)

### Section 172(1) statement (continued)

- The most valuable asset of the company is the quality of our staff and it is our strategic aim to create a high performance culture; educating, training and developing our people. The people strategy is being developed to ensure we continue to identify training requirements across all grades and roles. It is also important to note that the impact of COVID-19 has had a significant impact on staff in terms of working from home and periods of furlough. The support of our staff throughout this period has been exemplary.
- The company's operations are dependent on fostering strong working relationships across a wide-ranging supply chain. We endeavour to involve the supply chain at an early stage in all development projects as the viability of projects can be dependent on finding the optimum technical solutions. The company also recognises the benefits of providing visibility of future projects to allow the supply chain to commit resources for the longer term.
- We are committed to ensuring local communities and economies benefit from the company's presence. This includes opportunities for employment, providing work experience, training and career enhancement across all areas of the business. The local economy also benefits from supply chain being afforded the opportunity to participate in our projects. We work closely with Local Authorities to understand community priorities and requirements to help identify development opportunities.
- The company aims to protect our environment by operating a robust environmental management system across all residential operations. Our environmental aspects and impacts are assessed on an annual basis and appropriate environmental control measures are implemented, monitored and continually improved to ensure we protect our environment for present and future generations.
- Covid-19 has been the most significant issue the company has encountered in the financial period. This required prompt and decisive decision making regarding the cessation of operations, management of sub-contractors and suppliers, communication with customers and management of employees with the closure of offices.

Exemption has been taken from the disclosures required under the Streamlined Energy and Carbon Reporting (SECR) as these have been included on a consolidated basis in the financial statements of Newlands (Elgin) Holdings Limited.

### Financial instruments

The company does not use complex financial instruments. Financial risk management objectives and policies, as well as exposure to price and credit risk are discussed in the strategic report.

### Auditor

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

This report was approved by the Board and signed on its behalf.



**I Wilson**  
Director  
21 December 2021

10 Perimeter Road  
Pinefield Industrial Estate  
Elgin, IV30 6AE

## **Directors' responsibilities statement**

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law, including FRS 102 '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 the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF ROBERTSON CE LIMITED**

### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Robertson CE Limited ("the company") for the year ended 30 June 2021 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and 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).

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### **Conclusions relating to going concern**

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

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

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

### **Other information**

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

We have nothing to report in this regard.

## **INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF ROBERTSON CE LIMITED (CONTINUED)**

### **Other Companies Act 2006 reporting**

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept, 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.

### **Responsibilities of Directors**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

The procedures we designed and executed included:

## INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF ROBERTSON CE LIMITED (CONTINUED)


- At the planning stage, we performed detailed analytical review procedures to identify unusual or unexpected relationships that may indicate risks of material misstatements due to fraud. Areas of identified risk were then tested substantively;
- Assessing the design and implementation of the control environment including controls over IT systems relevant to financial reporting in order to identify areas of material weakness to focus the design of our testing;
- Agreement of the financial statement disclosures to underlying supporting documentation;
- Determining whether the accounting policies and presentation adopted in the financial statements are 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);
- Addressing the risk of fraud through revenue recognition and long term contract accounting through selection of a sample of contracts and verifying revenue, costs and forecasted profit to corroborating documentation. We sought to identify any areas of management bias by attending a management meeting and site visits in relation to a sample of contracts, challenging management on significant judgements and estimates, and assessing subsequent contract performance information in relation to estimates;
- Addressing the risk of fraud through management override of controls by testing the appropriateness of a sample of journal entries and other adjustments; assessing whether the judgements made in accounting estimates are indicative of a potential bias. In particular we focussed on the key judgements in relation to contract stage of completion and forecasted projected contract profits as stated above; and evaluating the business rationale of significant transactions that are unusual or outside the normal course of business;
- Reviewing minutes of Board meetings throughout the period;
- Obtaining an understanding of the control environment in place for monitoring compliance with laws and regulations;
- Vouching balances and reconciling items in key control account reconciliations to corroborating documentation; and
- Carrying out detailed testing, on a sample basis, of transactions and balances agreeing to appropriate documentary evidence to verify the completeness, existence and accuracy of the reported financial statements.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
  
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Alastair Rae (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Edinburgh, UK  
Date: 21 December 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**Statement of comprehensive income**  
*for the year ended 30 June 2021*

	<i>Note</i>	<b>Year ended 30 June 2021 £000</b>	<b>15 month period ended 30 June 2020 £000</b>
<b>Turnover</b>	<b>3</b>	<b>137,459</b>	<b>137,087</b>
Cost of sales		(129,022)	(132,178)
<b>Gross profit</b>		<b>8,437</b>	<b>4,909</b>
Administrative expenses		(3,181)	(5,148)
Other income	<b>4</b>	44	417
<b>Operating profit</b>	<b>4</b>	<b>5,300</b>	<b>178</b>
Interest receivable and similar income	<b>5</b>	128	135
<b>Profit before taxation</b>		<b>5,428</b>	<b>313</b>
Tax on profit	<b>7</b>	(1,041)	(72)
<b>Profit for the financial period</b>		<b>4,387</b>	<b>241</b>
<b>Total comprehensive income for the period</b>		<b>4,387</b>	<b>241</b>

All operations are continuing.

There was no other comprehensive income for the year ended 30 June 2021 (2020: £nil).

The notes and accounting policies on pages 15 to 24 form part of these financial statements.

**Statement of financial position**  
*at 30 June 2021*

	<i>Note</i>	<b>30 June 2021 £000</b>	<b>30 June 2021 £000</b>	<b>30 June 2020 £000</b>	<b>30 June 2020 £000</b>
<b>Fixed assets</b>					
Tangible assets	8		201		220
<b>Current assets</b>					
Debtors due within one year	9	27,975		22,018	
Debtors due after one year	9	1,281		1,044	
Cash at bank and in hand	10	21,114		7,199	
		<u>50,370</u>		<u>30,261</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u>(46,436)</u>		<u>(27,505)</u>	
<b>Net current assets</b>			<b>3,934</b>		<b>2,756</b>
<b>Total assets less current liabilities</b>			<b>4,135</b>		<b>2,976</b>
<b>Creditors: amounts falling due after more than one year</b>	12		<b>(1,746)</b>		<b>(1,311)</b>
<b>Net assets</b>			<b>2,389</b>		<b>1,665</b>
<b>Capital and reserves</b>					
Called up share capital	14		-		-
Profit and loss account	14		2,389		1,665
<b>Shareholder's funds</b>			<b>2,389</b>		<b>1,665</b>

These financial statements of Robertson CE Limited were approved by the Board of directors and authorised for issue on 21 December 2021. They were signed on its behalf by:

*I Wilson*

**I Wilson**  
*Director*

The notes and accounting policies on pages 15 to 24 form part of these financial statements.

**Statement of changes in equity**  
*For the year ended 30 June 2021*

	<b>Called-up share capital</b>	<b>Profit and loss account</b>	<b>Total</b>
	£000	£000	£000
<b>At 1 April 2019</b>	-	1,424	1,424
Profit for the financial period	-	241	241
	<hr/>	<hr/>	<hr/>
<b>At 30 June 2020</b>	-	1,665	1,665
	<hr/>	<hr/>	<hr/>
<b>At 1 July 2020</b>	-	1,665	1,665
Profit for the financial year	-	4,387	4,387
Dividend paid	-	(3,663)	(3,663)
	<hr/>	<hr/>	<hr/>
<b>At 30 June 2021</b>	-	2,389	2,389
	<hr/>	<hr/>	<hr/>

The notes and accounting policies on pages 15 to 24 form part of these financial statements.



## Notes

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### *General information and basis of accounting*

Robertson CE Limited is a private company limited by shares incorporated in Scotland, United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the strategic report on pages 2 to 4.

The financial statements are prepared under the historical cost convention and in accordance with Financial Reporting Standard FRS 102 (FRS 102) the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The company meets the definition of a qualifying entity under FRS 102 and has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29; and
- the requirements of Section 33 Key Management Personnel Compensation paragraph 33.7.

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of presentation of a cash flow statement.

The company intends to present its next set of financial statements with the same disclosure exemptions adopted.

The functional currency of the company is considered to be pounds sterling, rounded to the nearest thousand, because that is the currency of the primary economic environment in which the company operates.

The company has taken the exemption under the terms of FRS 102 from disclosing related party transactions with wholly owned entities that are part of the Newlands (Elgin) Holdings Limited group. The consolidated financial statements of Newlands (Elgin) Holdings Limited, within which this company is included, can be obtained from the address given in note 19.

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 company's accounting policies (see note 2).

#### *Going concern*

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The strategic and directors' reports further describe the financial position of the company, its cash flows, liquidity position and borrowing facilities.

As set out in the directors' report, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and accordingly they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

## **Notes (continued)**

### **1 Accounting policies (continued)**

#### **Revenue recognition and long term contracts**

Turnover represents amounts receivable for the sale of goods and services, rental income and work done in the case of long term contracts.

Turnover is stated net of VAT and is recognised to the extent that economic benefits will flow to the company and the turnover can be reliably measured. Turnover from the supply of services represents the value of services provided under contract. Where payments are received from customers in advance, the amounts are recorded as payments received in excess and included as part of creditors due within one year.

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the state of completion of the contract activity at the date of statement of financial position. This is normally measured by the value of services provided under contract to date, except where this would not be representative of completion. Variations in contract works, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

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 value of services provided under contract, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

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

#### **Government grants**

Grants of a revenue nature are recognised in "other income" within profit or loss in the same period as the related expenditure.

#### **Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value of each asset on a straight-line basis over its expected useful life, as follows:

Plant and machinery	-	3 to 5 years
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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.

#### **Leases**

Rental under operating lease rentals are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

#### **Pensions**

The company contributes to company personal pension plans for employees who also undertake to contribute, the costs of which are charged to the Statement of comprehensive income as they become payable. The amount charged to the Statement of comprehensive income represents the contributions payable to the scheme in respect of the accounting period. Differences between contributions payable in the period and contributions actually paid are shown as accruals in the Statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

## **Notes** (continued)

### **1 Accounting policies** (continued)

#### **Development expenditure**

Pre-contract costs are expensed as incurred until the company is appointed as sole preferred bidder. Provided the contract is expected to generate sufficient net cash inflows to enable recovery and the award of the contract is virtually certain, pre-contract costs incurred post the appointment as preferred bidder are included in debtors.

Where pre-contract bid costs that have been recognised as an asset are reimbursed at financial close both the income and the asset are released to the Statement of comprehensive income.

#### **Taxation**

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

##### **(i) Current tax**

Current tax is the amount of income tax payable in respect of the taxable profit for the period or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

##### **(ii) Deferred tax**

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

#### **Debtors**

Debtors are measured at transaction price, less any impairment.

#### **Cash and cash equivalents**

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

#### **Creditors**

Creditors are measured at the transaction price.

#### **Contingent liabilities**

Contingent liabilities, arising as a result of past events, are not recognised when it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

## Notes (continued)

### 2 Significant judgements and estimates

In the application of the company's accounting policies, as described in note 1, the directors and management are required to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the period-end date, and the amounts reported for revenues and expenses during the period.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, and in future periods should it affect future periods.

The ordinary judgements and estimates are those as detailed in Note 1.

Management consider that the following have the most significant effect on the amounts recognised in the financial statements:

- Financial outcome of individual construction contracts – all long term contracts are reviewed on a monthly basis, with particular attention to contract stage of completion, costs to date and costs still to be incurred. Movement in margin is recognised when prudent to do so but immediately in the event there is a foreseeable loss.

### 3 Turnover

The turnover of the company for the period has been derived from its principal activity wholly undertaken in the United Kingdom.

### 4 Operating profit

	Year ended 30 June 2021 £000	15 month period ended 30 June 2020 £000
<i>Operating profit is stated after charging / (crediting):</i>		
Depreciation	92	130
Operating lease rentals	336	465
Government Job Retention Scheme grants – revenue in nature	(44)	(417)
	<u>          </u>	<u>          </u>

The audit fee was borne by another company in the Group, Robertson Group Limited, in the year ended 30 June 2021. Should there have been a charge, the directors' best estimate of the cost applicable to the company is £18,500 (2020: £17,000).

Non-audit fees are also paid by another company in the Group, Robertson Group Limited.

### 5 Interest receivable and similar income

	Year ended 30 June 2021 £000	15 month period ended 30 June 2020 £000
Interest receivable from Group companies	128	135
	<u>          </u>	<u>          </u>

## Notes (continued)

### 6 Staff numbers and costs

The average number of employees employed by the company (including directors) during the period, analysed by category, was as follows:

	Year ended 30 June 2021 Number	15 month period ended 30 June 2020 Number
Construction	196	211
Administration	24	8
	<hr/> 220 <hr/>	<hr/> 219 <hr/>

The aggregate payroll costs of these persons were as follows:

	Year ended 30 June 2021 £000	15 month period ended 30 June 2020 £000
Wages and salaries	12,461	14,615
Social security costs	1,356	1,572
Other pension costs	466	524
	<hr/> 14,283 <hr/>	<hr/> 16,711 <hr/>

None of the directors received any emoluments from the company. They are all directors either of the parent company, Robertson Construction Group Limited or Robertson Group (Holdings) Limited, or both, and their emoluments are disclosed in those financial statements.

### 7 Taxation

	Year ended 30 June 2021 £000	15 month period ended 30 June 2020 £000
<i>UK corporation tax</i>		
Current tax charge	1,036	77
Adjustment for prior year	-	(1)
<b>Current tax charge for the period</b>	<hr/> 1,036 <hr/>	<hr/> 76 <hr/>
Deferred tax ( <i>Note 13</i> )		
Timing differences	5	(4)
<b>Total tax on profit</b>	<hr/> 1,041 <hr/>	<hr/> 72 <hr/>

## Notes (continued)

### 7 Taxation (continued)

#### Factors affecting the tax charge for the current period

The current tax charge for the period is greater than (2020: *greater than*) the standard rate of corporation tax in the UK of 19% (2020: 19 %) as explained below:

	Year ended 30 June 2021 £000	15 month period ended 30 June 2020 £000
<i>Current tax reconciliation</i>		
Profit before tax	5,428	313
Current tax at 19% (2020: 19 %)	1,031	59
Effects of:		
Expenses not deductible for tax purposes	9	10
Fixed asset differences	3	5
Deferred tax changes in rates	(2)	(1)
Adjustments in respect of prior years – current tax	-	(1)
Group relief claimed	(24)	(75)
Payment for group relief	24	75
Total tax charge	1,041	72

#### Factors affecting the future tax charges

In the March 2021 UK Budget, an announcement was made to increase the main rate of UK corporation tax to 25% from 1 April 2023. This will impact on the measurement of the company's deferred tax liabilities/(assets) in the future. However, the substantively enacted rate at 30 June 2021 was 19% and therefore the tax liabilities/(assets) of the company have been measured at this rate in the current period.

## Notes (continued)

### 8 Tangible fixed assets

	Plant and machinery £000
<i>Cost</i>	
At beginning of period	446
Additions	73
Disposals	-
	<hr/>
At end of period	519
	<hr/>
<i>Depreciation</i>	
At beginning of period	226
Charge for period	92
Disposals	-
	<hr/>
At end of period	318
	<hr/>
<i>Net book value</i>	
At 30 June 2021	201
	<hr/>
At 30 June 2020	220
	<hr/>

### 9 Debtors

	30 June 2021 £000	30 June 2020 £000
<b>Amounts due within one year</b>		
Trade debtors	18,440	9,289
Amounts recoverable on contracts	5,629	6,628
Amounts owed by group undertakings	3,816	5,703
Amounts owed by related parties	2	4
Other taxes and social security costs	-	346
Prepayments and accrued income	81	-
Other debtors	-	36
Deferred tax (note 13)	7	12
	<hr/>	<hr/>
	27,975	22,018
	<hr/>	<hr/>
<b>Amounts due after one year</b>		
Amounts recoverable on contracts	1,281	1,044
	<hr/>	<hr/>
	1,281	1,044
	<hr/>	<hr/>

Amounts owed by group undertakings are interest free, due on demand and bear no fixed term of repayment.

**Notes** *(continued)*

**10 Cash and cash equivalents**

	30 June 2021 £000	30 June 2020 £000
Cash at bank and in hand	21,114	7,199

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

	30 June 2021 £000	30 June 2020 £000
Payments received on account	6,857	5,268
Trade creditors	8,205	6,808
Amounts owed to group undertakings	95	305
Amounts owed to related parties	-	81
Corporation tax	1,013	-
Group relief payable	25	75
Other taxation and social security	4,742	59
Other creditors	52	53
Accruals and deferred income	25,447	14,856
	<u>46,436</u>	<u>27,505</u>

Amounts owed to group undertakings are interest free, due on demand and bear no fixed term of repayment.

**12 Creditors: amounts falling due after more than one year**

	30 June 2021 £000	30 June 2020 £000
Trade creditors	1,746	1,311
	<u>1,746</u>	<u>1,311</u>



## Notes (continued)

### 13 Deferred taxation

	30 June 2021 £000
At beginning of period	12
Origination and reversal of timing differences	(5)
	<hr/>
At end of period	7
	<hr/>

	30 June 2021 £000	30 June 2020 £000
The elements of deferred tax are as follows:		
Short term timing differences	7	12
	<hr/>	<hr/>

### 14 Called up share capital

	30 June 2021 £	30 June 2020 £
<i>Authorised</i>		
100,000 Ordinary share of £1 each	100,000	100,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
1 Ordinary share of £1 each	1	1
	<hr/>	<hr/>

The company has one class of ordinary share which carry no right to fixed income.

The company's other reserve is as follows:

The profit and loss account reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

### 15 Contingent liabilities and contractual disputes

At the period-end, there were contingent liabilities in respect of guarantees and claims under contracts entered into in the normal course of business. Further, included within trade debtors and amounts recoverable on contracts are certain amounts which are the subject of on-going disputes with customers. The directors are of the opinion that adequate provision has been made in respect of on-going claims and disputes at the period end.

The company has not provided any unsecured guarantees to third parties (2020: £Nil).

## Notes (continued)

### 16 Commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	30 June 2021 £000	30 June 2020 £000
Within one year	298	253
Between one and five years	164	194
	<u>462</u>	<u>447</u>

### 17 Pension costs

The company contributes to company personal pension plans for all qualifying employees. The total expense charged to statement of comprehensive income in the year ended 30 June 2021 was £466,000 (15 months to 30 June 2020: £524,000).

There were no outstanding contributions due at the year-end (2020: £nil).

### 18 Transactions with related parties

Related party transactions with 100% owned Group undertakings not included in the consolidated financial statements are therefore exempt from disclosure in the financial statements under the provisions of Section 33 of FRS 102.

During the year the Company had transactions with associate companies and at the period end balances were due from these companies as follows:

	Expense incurred		Period end balance	
	Year ended 30 June 2021 £000	15month period ended 30 June 2020 £000	30 June 2021 £000	30 June 2020 £000
Joint venture companies				
- South Shore Developments Limited	(142)	(178)	1	(83)
	<u></u>	<u></u>	<u></u>	<u></u>

### 19 Immediate and ultimate parent company

The company is a subsidiary undertaking of Robertson Construction Group Limited. The ultimate parent company is Newlands (Elgin) Holdings Limited, incorporated in Scotland and controlled by W G Robertson.

The smallest group in which the results of the company are consolidated is that headed by Robertson Construction Group Limited. The largest group in which the results of the company are consolidated is that headed by Newlands (Elgin) Holdings Limited. The consolidated financial statements of that company are available to the public and may be obtained from Newlands (Elgin) Holdings Limited, 10 Perimeter Road, Elgin, IV30 6AE.