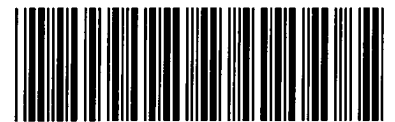


**DEESIDE TIMBERFRAME LIMITED**  
**ANNUAL REPORT AND FINANCIAL**  
**STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

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# DEESIDE TIMBERFRAME LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	J Wright M B Robertson J C Irvine A H Tweedie
<b>Company number</b>	SC272007
<b>Registered office</b>	Banchory Business Centre Burn O'Bennie Road BANCHORY Aberdeenshire AB31 5ZU
<b>Auditor</b>	Johnston Carmichael LLP Bishop's Court 29 Albyn Place ABERDEEN AB10 1YL

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# DEESIDE TIMBERFRAME LIMITED

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# DEESIDE TIMBERFRAME LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 MARCH 2019

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The directors present the strategic report and financial statements for the year ended 31 March 2019. The company was part of the Bancon Developments Holdings Limited Group ("the Group").

#### **Fair review of the business**

The principal activity of the company is the design, manufacture and supply of timberframe structures for use in the construction industry.

The results for the company show a profit on ordinary activities before taxation of £1,553,368 (2018: £975,324) and turnover of £30,766,571 (2018: £24,748,489). The company's profit after tax for the financial period is £1,263,911 (2018: £807,590). This profit will be transferred to reserves.

The company again achieved strong turnover growth in the year. The business continues to capitalise on good market conditions being experienced in its areas of operation and has increased its geographic spread of work in the year. Strong margin control has also resulted in margins in the current year improving despite raw materials cost increases. Investing in the operational capabilities to handle the increased volumes in the year, and going forward, has also resulted in a slight uplift in administrative expenses in the year; albeit in relation to activity levels these have reduced.

The positive trading result in the year further strengthens the Balance Sheet, with net assets increasing to £4,106,093 (2018: £2,842,182).

The company has a strong forward order position coming into the new financial year and anticipates activity levels to remain similar to those experienced in the year to 31 March 2019. This is expected to drive another strong performance in the coming year.

#### **Principal risks and uncertainties**

Key business risks and uncertainties affecting the company are considered to relate to the continuing uncertainty within the economy, housing market confidence, competitively priced imported raw materials and availability of skilled subcontractors.

Economic uncertainty and housing market confidence could impact overall activity levels and profitability and the business constantly assesses the latest market and economic data to ensure our product and service offerings reflect the current market conditions and remain competitive as mitigation for this risk.

Raw material price increases could impact margins and with a substantial proportion of the raw material imported it can be impacted by foreign currency fluctuations in addition to commodity price dynamics. To mitigate this risk the company will, where possible, forward buy raw material and will, where appropriate, seek price increases from customers.

The availability of skilled subcontractors could limit the company's ability to meet demand and have an adverse impact on margins. The company constantly reviews its supply chain to ensure appropriate resources are available to satisfy forecast demand in mitigation of this risk.

# DEESIDE TIMBERFRAME LIMITED

## STRATEGIC REPORT (CONTINUED)


**FOR THE YEAR ENDED 31 MARCH 2019**

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### Key performance indicators

The directors of Deeside Timberframe Limited review detailed management reports on a monthly basis and consider the key performance indicators as turnover, gross margin and net margin which are discussed in the business review section above.

On behalf of the board



.....  
J Wright

Director

.....  
24/06/2019

# DEESIDE TIMBERFRAME LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 MARCH 2019

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The directors present their report and financial statements for the year ended 31 March 2019.

#### **Directors**

The following directors have held office since 1 April 2018 unless otherwise stated:

J Wright  
M B Robertson  
J C Irvine  
A H Tweedie

#### **Results and dividends**

The results for the year are set out on page 9. The directors do not recommend payment of a dividend (2018: £nil).

#### **Financial risk management**

The company's activities expose it mainly to liquidity, credit and price risks.

##### ***Liquidity risk***

In order to maintain liquidity to ensure that sufficient funds are available for ongoing and future operations, the company has access to bank debt facilities which are agreed on a group wide basis. These debt facilities are linked to LIBOR. This will present no significant interest rate risk to the business.

##### ***Credit risk***

The company operates procedures that require appropriate credit checks on potential customers are carried out before contracts are concluded and will seek to obtain credit insurance on all customers. For sales to private individuals and small development companies, the company insists on pro forma payments ahead of timberframe structures being manufactured.

During the course of projects, credit control procedures are in place to minimise any credit risk to the business. The amount of exposure to any individual counterparty is subject to a limit, either agreed with our credit insurance providers or by the directors.

##### ***Price risk***

The company can be exposed to commodity price risk as a result of its operations. To mitigate this risk the company will, where possible, forward buy raw material and will, where appropriate, seek price increases from customers.

#### **Future developments**

The business delivered ahead of expectation during the last year reflecting repeat business from existing customers in addition to increased activity in the self-build market. Despite more challenging trading conditions in the North East of Scotland a broad geographic spread of work has resulted in a strong forward order book giving the directors confidence in delivering another positive year.

The directors are planning for future growth of the business with increased activity from Group companies in addition to targeted geographic expansion as we invest in additional business development resources.

# DEESIDE TIMBERFRAME LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 MARCH 2019**

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### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



.....  
J Wright

Director

..... 24/06/2019

# **DEESIDE TIMBERFRAME LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 MARCH 2019***

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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 year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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;
- 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.



# DEESIDE TIMBERFRAME LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF DEESIDE TIMBERFRAME LIMITED

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#### Opinion

We have audited the financial statements of Deeside Timberframe Limited (the 'company') for the year ended 31 March 2019 which comprise the statement of income and retained earnings, the balance sheet 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 FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 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.

#### 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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

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

# **DEESIDE TIMBERFRAME LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF DEESIDE TIMBERFRAME LIMITED**

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#### **Matters on which we are required to report by exception**

In the light of our 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 and 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.

# DEESIDE TIMBERFRAME LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF DEESIDE TIMBERFRAME LIMITED

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#### Auditor's responsibilities for the audit of the financial statements (continued)

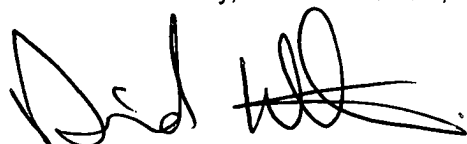
As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### 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.



David Wilson (Senior Statutory Auditor)  
for and on behalf of Johnston Carmichael LLP

24/06/2019

Chartered Accountants  
Statutory Auditor

Bishop's Court  
29 Albyn Place  
ABERDEEN  
AB10 1YL

# DEESIDE TIMBERFRAME LIMITED

## STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 31 MARCH 2019

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		2019 £	2018 £
Turnover	3	30,766,571	24,748,489
Cost of sales		(25,748,798)	(20,918,788)
<b>Gross profit</b>		<b>5,017,773</b>	<b>3,829,701</b>
Administrative expenses		(3,464,405)	(2,854,960)
Other operating income		-	583
<b>Profit before taxation</b>		<b>1,553,368</b>	<b>975,324</b>
Tax on profit	7	(289,457)	(167,734)
<b>Profit for the financial year</b>		<b>1,263,911</b>	<b>807,590</b>
Retained earnings brought forward		2,842,181	2,034,591
Retained earnings carried forward		4,106,092	2,842,181

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The Statement of Income and Retained Earnings has been prepared on the basis that all operations are continuing operations.

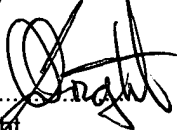
# DEESIDE TIMBERFRAME LIMITED

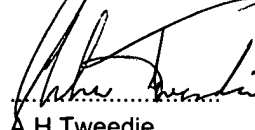
## BALANCE SHEET

AS AT 31 MARCH 2019

	Notes	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	8	241,597	189,415
Investments	9	50	50
		<u>241,647</u>	<u>189,465</u>
<b>Current assets</b>			
Stocks	10	986,250	552,341
Debtors	11	6,917,980	5,356,344
Cash at bank and in hand		2,870,385	2,316,153
		<u>10,774,615</u>	<u>8,224,838</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(6,586,527)</u>	<u>(5,308,479)</u>
<b>Net current assets</b>		<u>4,188,088</u>	<u>2,916,359</u>
<b>Total assets less current liabilities</b>		<u>4,429,735</u>	<u>3,105,824</u>
<b>Creditors: amounts falling due after more than one year</b>	13	<u>(323,642)</u>	<u>(263,642)</u>
<b>Net assets</b>		<u>4,106,093</u>	<u>2,842,182</u>
<b>Capital and reserves</b>			
Called up share capital	15	1	1
Profit and loss reserves		4,106,092	2,842,181
<b>Total equity</b>		<u>4,106,093</u>	<u>2,842,182</u>

The financial statements were approved by the board of directors and authorised for issue on 24/06/2019 and are signed on its behalf by:

  
J Wright  
Director

  
A H Tweedie  
Director

Company Registration No. SC272007

# DEESIDE TIMBERFRAME LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2019

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#### 1 Accounting policies

##### Company information

Deeside Timberframe Limited ("the company") is a private company limited by shares, incorporated and domiciled in Scotland. The principal activities of the company and the nature of the operations are set out in the Strategic Report on page 1. The company's trading address is Broomhill Road, Spurryhillock Industrial Estate, Stonehaven, AB39 2NH.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

##### FRS 102 reduced disclosure framework

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the ultimate parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company's ultimate parent company is Bancon Development Holdings Limited and the company has taken advantage of the following disclosure exemptions under FRS102:

- The requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17 (d);
- The requirement of Section 11 Basic Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c); and
- The requirement of Section 33 Related Party Disclosures paragraph 33.7.

#### 1.2 Going concern

At the time of approving the financial statements, 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 of accounting in preparing the financial statements.

# DEESIDE TIMBERFRAME LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2019

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#### 1 Accounting policies (continued)

##### 1.3 Turnover

Turnover can arise primarily from either the supply of timberframe structures or the supply and build of the timberframe structures. The former is treated as a supply of goods and turnover is recognised when the structure is physically delivered to the customer. The latter is treated as a construction contract and turnover is recognised as described below. Turnover is stated net of VAT and trade discounts.

Turnover is only recognised on a construction contract where the outcome can be estimated reliably. Variations to, and claims arising in respect of, construction contracts, are included in revenue to the extent that they have been agreed with the customer. Turnover and costs are recognised by reference to the stage of completion of contract activity at the balance sheet date. This is normally measured by surveys of work performed to date. An estimate of the profit attributable to work completed is recognised once the outcome of the contract can be assessed with reasonable certainty. Contracts are only treated as construction contracts when they have been specifically negotiated for the supply, manufacture and erection of timberframe structures. When it is probable that the total costs on a construction contract will exceed total contract revenue, the expected loss is recognised as an expense in the profit and loss account immediately.

Revenue received in relation to contract retentions are recognised when it is probable that the economic benefits associated with the transaction will flow to the company.

##### 1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Tenant's improvements	10 years
Plant and machinery	3-7 years
Motor vehicles	4 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Expenditure incurred after the asset is put to use, such as repairs and maintenance costs are expenses in the period incurred while other expenses that are expected to generate future economic benefits are capitalised.

##### 1.5 Fixed asset investments

Investments are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

# DEESIDE TIMBERFRAME LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2019

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#### 1 Accounting policies (continued)

##### 1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any) by comparing this to the asset's carrying value. The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of future cash flows before interest and tax, obtained as a result of the asset's continued use.

##### 1.7 Stocks

Stock and work in progress is stated at the lower of cost and net realisable value. Cost comprises raw materials, consumables and direct labour plus attributable overheads based on a normal level of activity. Net realisable value is based on estimated selling price less anticipated costs to completion and disposal. Provision is made for all foreseeable losses.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

##### 1.8 Construction contracts

Amounts recoverable on construction contracts, which are included in debtors, are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amounts received as progress payments on contracts, less amounts received as progress payments on account.

The "percentage of completion method" is used to determine the appropriate amount to recognise in a given period. The stage of completion is measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. These costs are presented as stocks, prepayments or other assets depending on their nature, and provided it is probable they will be recovered.

##### 1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

##### 1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

##### **Basic financial assets**

Basic financial assets, which include trade and other receivables, amounts due from group undertakings and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. The effective interest rate is the rate that exactly discounts estimated future cash receipts/payments through the expected life of the investment to the net carrying amount on initial recognition. Financial assets classified as receivable within one year are not amortised.



# DEESIDE TIMBERFRAME LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2019

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#### 1 Accounting policies (continued)

##### ***Impairment of financial assets***

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### ***Basic financial liabilities***

Basic financial liabilities, including trade and other payables and amounts due to group undertakings, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Basic financial liabilities are subsequently carried at amortised cost, using the effective interest rate method.

#### 1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### ***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### ***Deferred tax***

Deferred tax is provided, using the full liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. The deferred tax position is calculated using the rates enacted or substantially enacted at the balance sheet date. Tax losses are surrendered or claimed in the form of group relief with consideration being received or paid accordingly. The group relief amount is recorded separately within the debtors and creditors amounts in the balance sheet, as applicable, and is calculated by applying the tax rate enacted or substantively enacted at the balance sheet date to the loss amount.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

# DEESIDE TIMBERFRAME LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2019

---

#### 1 Accounting policies (continued)

##### 1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

##### 1.13 Retirement benefits

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the period they are payable.

Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

##### 1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

#### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

##### Critical judgements

The following are considered to be either judgements that have had the most significant effect on amounts recognised in the financial statements, or estimates that are dependent upon the assumptions which could change in the next financial year and have a material effect on the carrying amounts of assets and liabilities recognised at the balance sheet date:

##### *Recognition of retention revenue*

Management consider the recoverability of construction contract retentions in relation to timberframe supplies to be fundamentally uncertain and as such these are recognised when it is deemed that it is probable that the economic benefits associated with the transaction will flow to the company rather than as part of construction contract revenue as the job progresses. Management consider this treatment to be appropriate on the basis that the company generally acts as subcontractor on contracts and is normally beholden to the main contractor, which creates significant uncertainty around the receipt of retentions.

# DEESIDE TIMBERFRAME LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2019

#### 2 Judgements and key sources of estimation uncertainty (continued)

##### **Long term contract accounting - construction contracts**

Long term contract accounting impacts a number of significant account balances within the company's financial statements, including: turnover, cost of sales, amounts recoverable on construction contracts within trade receivables and stock and work in progress. Turnover, cost and ultimately profit recognition in respect of construction contracts require the directors and management to make estimations on the outcome of long term contracts which require assessments and judgements to be made. These include the stage of completion of the individual construction contracts based on percentage of completion methodology, the recoverability of construction costs, any variations in the construction contract and any changes in contract costs. All of the factors have been considered by the directors and management in concluding on the appropriate profit and loss presentation of long term contracts for the year ended 31 March 2019.

The recoverability of amounts recoverable on construction contracts and other receivables are regularly reviewed in light of available economic information specific to each receivable and provisions are recognised for balances considered to be irrecoverable. At 31 March 2019, the directors and management concluded their reviews and are satisfied that amounts recoverable on construction contracts and other receivables are appropriately stated within the financial statements.

With respect to stock and work in progress, key judgements and estimates in determining the appropriateness of its carrying value are:

- An estimation of costs to complete; and
- An estimation of the remaining revenues.

The assessments include a degree of uncertainty and therefore if the key judgements and estimates change unfavourably, write-downs of stock and work in progress may be necessary. At 31 March 2019, the directors and management concluded their reviews and are satisfied that the stock and work in progress are appropriately stated within the financial statements.

The directors consider that there are no other judgements, estimates and underlying assumptions which have a significant risk of causing material adjustment to the carrying amounts of the assets and liabilities.

#### 3 Turnover

The directors believe the company has one class of business, which is the design, manufacture and supply of timberframe structures. Turnover consists of revenue originated and delivered in the United Kingdom.

#### 4 Profit before taxation

	2019	2018
	£	£
Profit before taxation for the year is stated after charging / (crediting)		
Depreciation of owned tangible fixed assets	88,838	94,257
Profit on disposal of tangible fixed assets	(10,550)	(3,600)
Cost of stocks recognised as an expense	25,748,798	20,918,788
Operating lease charges	219,249	222,741

The audit fee has been borne by the ultimate parent company Bancon Developments Holdings Limited in the current and prior years.

# DEESIDE TIMBERFRAME LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 MARCH 2019**

### 5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2019 Number	2018 Number
Directors and management	7	9
Administration staff	32	27
Weekly paid production employees	53	43
	<u>92</u>	<u>79</u>

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	2,968,675	2,440,619
Social security costs	472,164	247,062
Pension costs	183,759	169,876
	<u>3,624,598</u>	<u>2,857,557</u>

### 6 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	172,877	179,366
Company pension contributions to defined contribution schemes	43,890	34,257
	<u>216,767</u>	<u>213,623</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2018 - 2).

# DEESIDE TIMBERFRAME LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2019

#### 7 Taxation

	2019 £	2018 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	289,457	167,734

The actual charge for the year can be reconciled to the expected (credit)/charge for the year based on the profit or loss and the standard rate of tax as follows:

	2019 £	2018 £
Profit before taxation	1,553,368	975,324
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	295,140	185,312
Tax effect of expenses that are not deductible in determining taxable profit	2,025	3,034
Group relief	(184,865)	(167,734)
Deferred tax assets not recognised	(8,374)	(19,443)
Effects of changes in tax rates and laws	(986)	(2,287)
Other differences	1,652	1,118
Group relief paid for	184,865	167,734
Taxation charge for the year	289,457	167,734

The 2015 Finance Bill (No. 2) announced that the UK corporation tax rate will be reduced to 18% by 2020. Reduction in the rates from 20% to 19% (effective from 1 April 2017) and a rate of 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015.

A further reduction to 17% (effective from 1 April 2020) was announced in the 2016 Finance Bill. This was substantively enacted on 15 September 2016.

Accordingly, the 17% rate has been applied in the measurement of the deferred tax assets and liabilities at 31 March 2019.

# DEESIDE TIMBERFRAME LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### 8 Tangible fixed assets

	Tenant's improvements £	Plant and machinery £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 April 2018	498,490	632,762	156,608	1,287,860
Additions	5,690	53,785	81,545	141,020
Disposals	-	-	(54,400)	(54,400)
At 31 March 2019	504,180	686,547	183,753	1,374,480
<b>Depreciation and impairment</b>				
At 1 April 2018	478,522	503,402	116,521	1,098,445
Depreciation charged in the year	7,178	44,324	37,336	88,838
Eliminated in respect of disposals	-	-	(54,400)	(54,400)
At 31 March 2019	485,700	547,726	99,457	1,132,883
<b>Carrying amount</b>				
At 31 March 2019	18,480	138,821	84,296	241,597
At 31 March 2018	19,968	129,360	40,087	189,415

### 9 Fixed asset investments

	Shares in investments £
<b>Cost or valuation</b>	
At 1 April 2018 & 31 March 2019	50
<b>Carrying amount</b>	
At 31 March 2019	50
At 31 March 2018	50

### 10 Stocks

	2019 £	2018 £
Raw materials, work in progress and consumables	986,250	552,341

# DEESIDE TIMBERFRAME LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### 11 Debtors

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	3,772,052	3,606,099
Amounts owed by Group undertakings	1,928,184	483,295
Other debtors	300,483	772,400
Prepayments and accrued income	917,261	494,550
	<u>6,917,980</u>	<u>5,356,344</u>

Amounts owed by Group undertakings have no fixed repayment terms and do not bear interest.

### 12 Creditors: amounts falling due within one year

	2019 £	2018 £
Payments received on account	1,300,291	1,042,919
Trade creditors	3,719,980	3,136,704
Amounts owed to Group undertakings	493,066	265,584
Corporation tax	104,592	-
Other taxation and social security	117,869	94,004
Accruals and deferred income	850,729	769,268
	<u>6,586,527</u>	<u>5,308,479</u>

Amounts due from Group undertakings have no fixed repayment terms and do not bear interest.

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

	2019 £	2018 £
Other provisions	244,142	184,142
Dilapidation provision	79,500	79,500
	<u>323,642</u>	<u>263,642</u>

### 14 Retirement benefit schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund. At the Balance Sheet date £15,613 (2018: £13,399) was payable to the fund and included within creditors.

# DEESIDE TIMBERFRAME LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### 15 Share capital

	2019 £	2018 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
1 ordinary share of £1 each	1	1

### 16 Reserves

The company's profit and loss reserve represents the cumulative historic profits and losses, net of dividends and other adjustments.

### 17 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019 £	2018 £
Within one year	185,096	184,865
Between two and five years	246,522	471,571
In over five years	-	90,667
	<u>431,618</u>	<u>747,103</u>

### 18 Financial commitments, guarantees and contingent liabilities

All group companies are party to a cross-company guarantee in respect of bank facilities offered to Bancon Developments Holdings Limited Group.

### 19 Related party transactions

The company has taken advantage of the exemption available in accordance with Section 33 of FRS 102 "Related Party Disclosures" not to disclose transactions entered into between two or more wholly owned members of a group.

### 20 Controlling party

The company's immediate parent company is Bancon Group Limited, which is registered in Scotland. The ultimate parent undertaking is Bancon Developments Holdings Limited, a company registered in Scotland.

Bancon Developments Holdings Limited is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 31 March 2019. The consolidated financial statements of Bancon Developments Holdings Limited are available from UK Companies House.