Registration No. SC636916

GLL (Holdings) Limited

Report and Financial Statements

31 March 2020

Directors
D B Ross
N P Doherty
M C M Gault
A C Fry

Auditors
Ernst & Young LLP
G1
5 George Square
Glasgow
G2 1DY

Bankers
Royal Bank of Scotland
Cartsdyke Avenue
Greenock
PA15 1EF

Registered Office
Blackbyres Road
Barrhead
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Strategic report

The directors present their Strategic report for the period from 23 July to 31 March 2020.

Principal activity and review of the business

GLL (Holdings) Ltd was incorporated on 23rd July 2019. The company acquired George Leslie Limited and its subsidiaries on 12th September 2019.

The principal activity of the Group is heavy civil engineering construction, with a continuing focus on the water, wastewater, and marine sectors in addition to more general heavy civil engineering work.

The Directors are pleased to report a healthy turnover and profit for the period, supporting the overarching Group strategy of focusing on attractive opportunities in core sectors where the Group's resources, experience and expertise can add value for our clients. The Group's key measurements of effectiveness are turnover and post-tax profit. Post-tax profit for the period was £2,709,000, on turnover of £25,692,000.

Investment in the essential plant, machinery and transport required for its core operations has continued, with additions to fixed assets over the period. This investment aligns with the Group's overarching strategy to reduce its carbon footprint to net zero emissions with annual investment in our owned plant to ensure we are using the technologies with the lowest emissions.

During the year there was a successful acquisition of George Leslie Limited. There was no impact on the operational performance of George Leslie Limited as a result of this transition, with the remaining four Directors of George Leslie Limited continuing to provide the same high levels of operational management, support, and governance of the Company. The change in the Group's net assets during the period is reflective of this transaction.

The civil engineering market in Scotland remains very competitive and the level of visibility of forward workload continues to present a challenge. The Directors are however confident that by continuing to target attractive projects in its core sectors, a satisfactory level of profitability can be maintained.

Despite the unprecedented and unexpected nature of COVID-19 during the period, there has been only a limited financial impact on the Group's results at the reporting date. As a key supplier to essential public services, the Group successfully adapted our procedures to continue to provide critical support to clients during the lockdown periods, whilst maintaining the safety of our staff by implementation of the Scottish Government and Construction Scotland Guidance, including good hygiene and social distancing measures. The Group has reassessed the cost of fulfilling all live projects at the balance sheet date and reflected the necessary assumptions on profit in the accounting period. The Group has worked closely with clients to adapt the safe working procedures at site to limit the ongoing impact of COVID-19 on the operational and financial performance of the business.

The strategy of developing our pipeline of competent, well-trained young people for careers in the construction industry continues to receive external recognition with further awards and this bodes well for the future. The Group also continues to place a significant emphasis on the health and wellbeing of all of our staff, providing training and support with bespoke mental health awareness workshops being carried out across all areas of the business.

The Group maintains its proactive approach to making a positive contribution within communities where the Group works and during the period, considerable contributions were made to worthy causes.

Strategic report (continued)

Principal risks and uncertainties

The Group is subject to the normal competitive risks in its ability to obtain contracts where competitive tender and renewal of longer-term contracts are subject to financial and performance criteria. The Group manages these risks by regular review of its tender process and maintaining strong working relationships with its customers.

Credit risk is managed by continuing assessment of customers' financial status and payment history. The Group has had no significant exposure to credit risk.

The Group minimises liquidity risk by managing cash generation from its operations and applying cash collection targets. The Group is confident that it has minimised any cash flow risk. This view is strengthened by the level of bank balances in a strong balance sheet. Investment is carefully controlled, with authorisation limits operating at different levels up to board level.

The impact of COVID-19 resulted in a period of business disruption during the lockdown phase as non-essential customer sites were closed in line with government guidance. The Group is well placed to manage any ongoing financial uncertainties as noted in the assessment of going concern in the Directors report.

Although the Group's policy does permit trading in any financial instruments, its principal financial instruments are those of cash and short-term deposits and debtors and creditors arising directly from its trading operations.

The Group manages its legislative risks by its emphasis on training, particularly in quality, health and safety and environmental areas. The Group maintains ISO 9001 – 2015, ISO 45001-2018 and ISO 14001 – 2015 accreditations in relation to quality, health and safety and environmental management systems.

On behalf of the Board:

David B Ross

David B Ross
Director
14 August 2020

Registered No. SC636916

Directors' report

The directors present their report for the period from 23 July 2019 until 31 March 2020.

Results and dividends

The profit for the period after taxation amounted to £2,709,000.

During the period dividends of £314,000 were approved by the members. Of this sum, £314,000 was paid to the ordinary shareholders during the period.

Directors

The directors who served the Group during the period were as follows:

N P Doherty (Appointed 12 September 2019)

D B Ross (Appointed 23 July 2019)

M C M Gault (Appointed 12 September 2019)

A C Fry (Appointed 17 September 2019)

Future developments

Future developments are outlined in the Strategic Report on page 2, under principal activity and review of the business.

Going concern

The Group's business activities, a review of the business and a description of the principal risks and uncertainties, together with the Group's financial risk management processes and narrative regarding its exposure to key financial risks are outlined in the Strategic Report on page 2 and 3.

In light of the significant global economic impact of the Covid-19 pandemic, the Group has carried out a careful and detailed assessment of going concern. Whilst the future ramifications of Covid-19 are not yet known, appropriate financial modelling, including various downside scenarios, has been undertaken to support the assessment of the business as a going concern. In reaching our conclusions we have given consideration to the following factors:

- Re-forecast based on a conservative estimate of revenue for FY21, including only work already contractually secured or where the Group is now sole bidder.
- Modelling a worst case scenario including future revenue through to September 2021 which is significantly less than of that generated during April and May 2020.
- As a key supplier to essential public services, revenue levels are expected to return to a more consistent level now that the majority of work at sites have recommenced to a similar level as before the pandemic.
- Stress testing demonstrated that even in the worst case scenario the business could work within its own cash resources out to beyond September FY21.
- In addition, a revolving credit facility is available for drawdown should it be required.

Due to the significant liquidity within the business, even after stress testing, there is sufficient liquidity in the business for at least the next 12 months.

Therefore, having made their own assessment of the Group's financial position, the directors believe the Group is well placed to manage its business risks successfully and meet its liabilities as they fall due for the foreseeable future despite the current uncertain economic outlook. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

Directors' report (continued)

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Group's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board

David B Ross
Director
14 August 2020

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, the 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 FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and 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 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 Group and 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 Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of GLL (Holdings) Limited

Opinion

We have audited the financial statements of GLL (Holdings) Limited ('the parent company') and its subsidiaries (the 'group') for the period ended 31 March 2020 which comprise the Group income statement, the Group and parent company Statement of comprehensive income, Group and parent company Statement of changes in equity, Group and parent company Statement of financial position and Group Statement of cash flows and the related notes 1 to 25, 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 group's and of the parent company's affairs as at 31 March 2020 and of the group's profit for the period 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 below. We are independent of the group and parent 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.

Emphasis of Matter – Effects of COVID-19

We draw attention to Note 1 (Going Concern) in the financial statements, which describes the disruption the Group is facing as a result of the coronavirus pandemic. Our opinion is not modified in respect of this matter.

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 group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent auditor's report to the members of GLL (Holdings) Limited (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the 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 the audit:

- the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Independent auditor's report to the members of GLL (Holdings) Limited (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, 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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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.

A further description of our responsibilities for the audit of the financial statements is located 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.

Ernst & Young LLP

Janie McMinn (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Glasgow

14th August 2020

Group Income statement

for the period ended 31 March 2020

	Notes	2020 £000
Turnover	2	25,692
Raw materials and consumables		2,056
Other external charges		14,576
Staff costs	5	5,439
Depreciation and amortisation		520
Other operating charges		2,018
		24,609
Operating profit	3	1,083
Interest receivable		19
Profit on ordinary activities before taxation		1,102
Tax	6	1,607
Profit for the financial period		2,709

All amounts relate to continuing activities.

Group Statement of comprehensive income

for the period ended 31 March 2020

	Notes	2020 £000
Profit for the financial period		2,709
Total comprehensive income for the period		2,709

Group Statement of changes in equity

for the period ended 31 March 2020

	Share capital £000	Share premium account £000	Profit and loss account £000	Total £000
On incorporation	-	-	-	-
Profit for the period	-	-	2,709	2,709
Dividend on ordinary shares	-	-	(314)	(314)
Issue of shares	100	2,550	-	2,650
At 31 March 2020	100	2,550	2,395	5,045

Company Statement of changes in equity

for the period ended 31 March 2020

	Share capital £000	Share premium account £000	Profit and loss account £000	Total £000
On incorporation	-	-	-	-
Profit for the period	-	-	314	314
Dividend on ordinary shares	-	-	(314)	(314)
Issue of shares	100	2,550	-	2,650
At 31 March 2020	100	2,550	-	2,650

Group Statement of financial position

at 31 March 2020

	Notes	2020 £000
Fixed assets		
Intangible assets	8	973
Tangible assets	9	2,545
		3,518
Current assets		
Stocks	11	98
Debtors	12	6,418
Cash at bank and in hand	18(b)	11,661
		18,177
Creditors: amounts falling due within one year	13	(13,506)
Net current assets		4,671
Total assets less current liabilities		8,189
Creditors: amounts falling due after more than one year	14	(3,000)
Provisions for liabilities		
Contract maintenance provisions	15	(144)
Net assets		5,045
Capital and reserves		
Issued share capital	16	100
Share premium account	17	2,550
Profit and loss account		2,395
Shareholders' funds		5,045

The financial statements were approved by the board of directors on 14 August 2020 and were signed on its behalf by:

David Ross

Director

Company Statement of financial position

at 31 March 2020

	Notes	2020 £000
Fixed assets		
Investments	10	4,656
		4,656
Creditors: amounts falling due within one year	13	(2,006)
Net current liabilities		(2,006)
Total assets less current liabilities		2,650
Creditors: amounts falling due after more than one year		-
Net assets		2,650
Capital and reserves		
Issued share capital	16	100
Share premium account	17	2,550
Profit and loss account		-
Shareholders' funds		2,650

The financial statements were approved by the board of directors on 14 August 2020 and were signed on its behalf by:

David Ross

Director

Group Statement of cash flows

for the period ended 31 March 2020

	Notes	2020 £000
Net cash inflow from operating activities	18(a)	3,637
Investment activities		
Net interest received		19
Purchase of tangible fixed assets		(415)
Proceeds of sale of tangible fixed assets		80
Cash paid on acquisition of subsidiary		(10,006)
Net cash acquired with subsidiary		15,660
Net cash inflow from investing activity		5,338
Financing activities		
Equity dividends paid		(314)
Loan received		3,000
Net cash inflow from financing activities		2,686
Increase in cash and cash equivalents		11,661
Cash and cash equivalents on incorporation		-
Cash and cash equivalents at 31 March 2020	18(b)	11,661

Notes to the financial statements

at 31 March 2020

1. Accounting policies

Statement of compliance

GLL (Holdings) Limited is a private company limited by shares and is incorporated in Scotland. The registered office is Blackbyres Road, Barrhead, Glasgow, G78 1DU.

The Group's financial statements have been prepared in compliance with FRS102 as it applies to the financial statements of the Group for the period ended 31 March 2020. The presentational currency is pounds sterling and all figures have been rounded to the nearest thousand pounds.

Basis of preparation

The group financial statements consolidate the financial statements of GLL (Holdings) Limited and all its subsidiary undertakings drawn up to 31 March each year. Intra group sales and profits are eliminated on consolidation and thus all sales and profit figures relate to external transactions only.

No profit and loss account is presented for GLL (Holdings) Limited as permitted by Section 408 of the Companies Act 2006.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported in the financial statements. However, the nature of estimation means that actual outcomes could differ from those estimates.

Contract outcomes

The key source of estimation uncertainty at the statement of financial position date, are contract outcomes. Valuations which include an estimation of cost to complete and remaining revenues are carried out at regular intervals throughout the period. These assessments may include a degree of inherent uncertainty when estimating contract profitability and any impairment provisions that may be required.

Going concern

The Group's business activities, a review of the business and a description of the principal risks and uncertainties, together with the Group's financial risk management processes and narrative regarding its exposure to key financial risks are outlined in the Strategic Report on page 2 and 3.

In light of the significant global economic impact of the Covid-19 pandemic, the Group has carried out a careful and detailed assessment of going concern. Whilst the future ramifications of Covid-19 are not yet known, appropriate financial modelling, including various downside scenarios, has been undertaken to support the assessment of the business as a going concern. In reaching our conclusions we have given consideration to the following factors:

- Re-forecast based on a conservative estimate of revenue for FY21, including only work already contractually secured or where the Group is now sole bidder
- Modelling a worst case scenario including future revenue through to September 2021 which is significantly less than of that generated during April and May 2020.
- As a key supplier to essential public services, revenue levels are expected to return to a more consistent level now that the majority of work at sites has recommenced to a similar level as before the pandemic.
- Stress testing demonstrated that even in the worst case scenario the business could work within its own cash resources out to beyond September FY21.
- In addition, a revolving credit facility is available for drawdown should it be required.

Due to the significant liquidity within the business, even after stress testing, there is sufficient liquidity in the business for at least the next 12 months.

Therefore, having made their own assessment of the Group's financial position, the directors believe the Group is well placed to manage its business risks successfully and meet its liabilities as they fall due for the foreseeable future despite the current uncertain economic outlook. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

Notes to the financial statements

at 31 March 2020

1. Accounting policies (continued)

Goodwill

Positive goodwill arising on acquisitions is capitalised, classified as an asset on the balance sheet and amortised on a straight-line basis over a reliable estimated useful life of 10 years. Impairment reviews are carried out at the reporting date if indicators of impairment or changes in circumstances indicate that the carrying value may not be recoverable.

Tangible fixed assets

Fixed assets are stated at cost less accumulated depreciation.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Buildings	–	over 50 years
Plant and machinery	–	over 1 to 5 years
Motor vehicles	–	over 3 to 5 years
Office equipment	–	over 2 to 5 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Investments

The carrying values of fixed asset investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks

Stocks of raw materials are stated at the lower of cost and net realisable value as follows:

Cost is the purchase cost incurred in bringing each product to its present location and condition on a first-in, first-out basis.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Contracts

Profit on contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the period end, by recording turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the period in which they are first foreseen.

Jointly controlled operations

The Group's interests in jointly controlled operations are accounted for in accordance with FRS 102. The Group has certain contractual arrangements with other participants to engage in joint activities that do not create an entity carrying on a trade or business of its own. The Group includes its shares of assets, liabilities and cash flows in such jointly controlled operations, measured in accordance with the terms of each operation, which is usually pro-rated to the Group's interest in the jointly controlled operation.

Contract maintenance provision

Provision is made for the cost of remedial work on current contracts and contracts completed at the end of the financial reporting period but still within the contract maintenance period. The provision is based on a percentage of outstanding retention adjusted for known remedial costs.

Notes to the financial statements

at 31 March 2020

1. Accounting policies (continued)

Deferred taxation

Deferred taxation is recognised in respect of all timing differences at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that:

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

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Operating leases

Plant hire rentals payable under operating leases in respect of fixed assets not owned by the Group are expensed to the income statement as incurred.

Research & Development

Costs associated with research and development are expensed to the income statement as incurred.

Pensions

A group personal pension scheme is operated for staff. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

Capital instruments

Equity shares are included in shareholders' funds. Other instruments are classified as liabilities if they contain an obligation to transfer economic benefits and if not they are included in shareholders' funds. The finance cost recognised in the profit and loss account in respect of capital instruments other than equity shares is allocated to periods over the terms of the instruments at a constant rate on the carrying amount.

2. Turnover

Turnover represents the sales value of work done in the period as valued by internal and external surveyors.

Turnover, which is stated net of value added tax, is attributable to one continuing activity, namely civil engineering, and is carried out entirely within the United Kingdom.

3. Operating profit

This is stated after charging/(crediting):

			12 September 2019 to 31 March 2020 £000
Auditors' remuneration	–	audit services	50
	–	taxation services	12
Depreciation of owned fixed assets			468
Amortisation of goodwill			52
Gain on disposal of tangible fixed assets			(34)
Operating lease rentals	–	plant and machinery	3,079

Notes to the financial statements

at 31 March 2020

4. Directors' remuneration

	12 September 2019 to 31 March 2020 £000
Remuneration	222
Contributions to money purchase pension schemes	17
	No.
Number of directors accruing benefits under a money purchase scheme	4

The remuneration of the highest paid director was £57,000. Contributions to the money purchase scheme on his behalf amounted to £4,000.

The directors are also considered to be key management personnel of the Company.

5. Staff costs

	12 September 2019 to 31 March 2020 £000
Wages and salaries	4,627
Social security costs	538
Other pension costs	274
	5,439

The average monthly number of employees during the period was made up as follows:

	No.
Direct	87
Indirect	117
	204

6. Tax

(a) Tax on profit on ordinary activities

The tax credit is made up as follows:

	12 September 2019 to 31 March 2020 £000
Current tax:	
UK corporation tax on the profit for the period	1,621
Total current tax	1,621
Deferred tax:	
Origination and reversal of timing differences (note 6(c))	(14)
Tax on profit on ordinary activities (note 6(b))	1,607

Notes to the financial statements

at 31 March 2020

6. Tax (continued)

(b) Factors affecting the current tax charge for the period

The tax assessed for the period differs from the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	12 September 2019 to 31 March 2020 £000
Profit on ordinary activities before tax	1,102
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%	209
Effect of:	
Disallowed expenses and non-taxable income	35
Tax rate differential on losses surrendered for tax credit	69
Tax credit enhanced relief	(689)
Current year tax credit made against previous periods	(1,231)
Current tax for the period (note 6(a))	(1,607)

(c) Deferred tax

The movements in deferred taxation during the period are as follows:

	12 September 2019 to 31 March 2020 £000
On incorporation	-
Charge:	
Origination and reversal of timing differences	13
Origination and reversal of timing differences	(19)
At 31 March (note 12)	(6)

The main rate of corporation tax reduced from 20% to 19% effective from 1 April 2017. The Finance Act 2016, substantively enacted on 6 September 2016, includes legislation that will further reduce the main rate of corporation tax to 17%, effective from 1 April 2020, although at the balance sheet date this reduction is cancelled but not yet enacted.

The deferred tax included in the balance sheet is:

	12 September 2019 to 31 March 2020 £000
Included in deferred tax asset (note 12)	(6)
Accelerated capital allowances	32
Other timing differences	(38)
	(6)

Notes to the financial statements

at 31 March 2020

7. Dividends

	12 September 2019 to 31 March 2020 £000
Declared and paid during the period	
Equity dividends on ordinary shares:	
Interim for 2020 – £3.14 per share	314
Declared during the period and paid after the period end	
Final for 2020 - £nil	-
	314

8. Intangible fixed assets

	Goodwill *£000*
Group:	
Cost:	
On incorporation	-
Acquisition of subsidiary (note 10)	1,025
At 31 March 2020	1,025
Amortisation:	
On incorporation	-
Amortisation for period	52
At 31 March 2020	52
At 31 March 2020	973
On incorporation	-

9. Group tangible fixed assets

	Land and buildings £000	Plant and machinery £000	Motor vehicles £000	Office equipment £000	Total £000
Cost:					
On incorporation	-	-	-	-	-
Acquisition of subsidiary	577	4,067	2,640	687	7,971
Additions	15	156	228	16	415
Disposals	-	(107)	(163)	-	(270)
At 31 March 2020	592	4,116	2,705	703	8,116
Depreciation:					
On incorporation	-	-	-	-	-
Acquisition of subsidiary	191	2,971	1,557	622	5,341
Provided during the period	5	238	210	15	468
Disposals	-	(107)	(131)	-	(238)
At 31 March 2020	196	3,102	1,636	637	5,571
Net book value:					
At 31 March 2020	396	1,014	1,069	66	2,545
On incorporation	-	-	-	-	-

Within the land and buildings cost figure, there is land of £48,000 that is not depreciated.

10. Investments

Company

	Investment in Subsidiary Companies £000
Cost:	
On incorporation	-
Purchase consideration	12,656
Impairment adjustment	(8,000)
At 31 March 2020	4,656

The impairment adjustment was recorded to reflect the reduction in the net assets of George Leslie Limited following the declaration and payment of a dividend of £8,000,000 to GLL (Holdings) Limited.

	Country of incorporation	Percentage owned	Net assets at 31 March 2020 £000
Subsidiary companies			
George Leslie Limited	Scotland	100%	6,078
George Leslie Plant Limited	Scotland	100%	234
Ashmoon Limited	Scotland	100%	Nil

George Leslie Limited's principal activity is heavy civil engineering construction. Both George Leslie Plant Limited and Ashmoon Limited are dormant subsidiaries of George Leslie Limited. All subsidiary undertakings are included in the consolidation. The Registered Office of all subsidiary companies is Blackbyres Road, Barrhead, Glasgow, G78 1DU.

Notes to the financial statements

at 31 March 2020

10. Investments (continued)

Acquisition of subsidiary

On 12 September 2019 the group acquired 100% of the share capital of George Leslie Limited for a consideration of £12,656,000.

Analysis of the acquisition of George Leslie Limited:

Net assets at date of acquisition:

	Fair Value
	£000
Tangible assets	2,630
Stock	117
Debtors	4,396
Cash	15,660
Creditors	(11,076)
Contract maintenance provision	(96)
Net assets	11,631
Goodwill arising on acquisition	1,025
Purchase consideration transferred	12,656
Discharged by:	
Cash	9,980
Fair value of shares issued	2,520
Costs associated with the acquisition	156
Purchase consideration transferred	12,656

11. Stocks

	Group	*Company*
	2020	*2020*
	£000	*£000*
Stocks of raw materials	98	-

Notes to the financial statements

at 31 March 2020

12. Debtors

	Group 2020 £000	Company 2020 £000
Trade debtors	3,357	-
Amounts recoverable on contracts	336	-
Other debtors	933	-
Corporation tax	1,301	-
Deferred tax	6	-
Prepayments and accrued income	485	-
	6,418	-

Within other debtors above is an amount of £661,000 (2019 - £489,000) that may be due after more than one year.

13. Creditors: amounts falling due within one year

	Group 2020 £000	Company 2020 £000
Trade creditors	6,115	-
Payments on account on contracts	2,514	-
Due to subsidiary company	-	2,006
Other taxes and social security costs	1,499	-
Other creditors and accruals	3,378	-
	13,506	2,006

14. Creditors: amounts falling due after more than one year

	Group 2020 £000	Company 2020 £000
Bank loan	3,000	-
		-
At 31 March	3,000	-

The loan is provided to George Leslie Limited by The Royal Bank of Scotland under a revolving credit facility. The group has granted its bankers a bond and floating charge.

Notes to the financial statements

at 31 March 2020

15. Provisions for liabilities

	Group 2020 £000	Company 2020 £000
Contract maintenance provision		
On incorporation	-	-
On acquisition of subsidiary	96	-
Provision made in period	48	-
At 31 March	144	-

16. Issued share capital

Allotted, called up and fully paid	No.	2020 £000
Ordinary shares of £1 each	100,000	100
Preferred ordinary shares of £1 each (non voting)	300	-
At 31 March	100,300	-

On 12 September 2019 the remaining 8,695 ordinary shares in George Leslie Ltd were exchanged for 75,000 Ordinary Shares and 300 Preferred Ordinary Shares in GLL (Holdings) Ltd. The value placed on these shares was £nil for the Ordinary Shares and £8,400.46 for each of the Preferred Ordinary Shares.

On 17 September 2019 25,000 Ordinary Shares were issued at an issue price of £5.21 each.

The Preferred Ordinary Shares carry no votes at meetings.

On a winding up the holders of Preferred Ordinary Shares shall be entitled to receive the redemption price as specified in the company's Articles of Association in priority to any Holder of any other class of Shares.

17. Reserves

Share premium account

The share premium account represents the value of shares issued over the nominal value of shares issued.

Notes to the financial statements

at 31 March 2020

18. Notes to the statement of cash flows

(a) Reconciliation of operating profit to net cash inflow from operating activities

	2020
	£000
Operating profit	1,083
Depreciation charges	468
Amortisation of goodwill	52
(Gain) on disposal of tangible fixed assets	(48)
Decrease in stock	19
(Increase) in debtors	(441)
Increase in creditors and provisions	2,646
Taxation – Corporation tax (paid)	(142)
Net cash inflow from operating activities	3,637

(b) Analysis of cash and cash equivalents

	At 23 July 2019	*Cash flows*	*Acquisition of subsidiary*	*At 31 March 2020*
	£000	*£000*	*£000*	*£000*
Cash in hand and at bank	-	(3,999)	15,660	11,661
Net cash and cash equivalents	-	(3,999)	15,660	11,661

* short-term deposits are included within cash at bank and in hand in the balance sheet

(c) Major non-cash transactions:

There were no major non-cash transactions in the period.

19. Capital commitments

The Group had £102,000 contracted capital commitments at 31 March 2020.

20. Pensions

The Group operates a group personal pension scheme. The assets of this scheme are held separately from those of the Company in an independently administered fund. Included within other creditors is £96,000 (2019 – £96,000) in respect of contributions to the group personal pension scheme.

Notes to the financial statements

at 31 March 2020

21. Financial commitments

(i) Lease commitments

Commitments under non-cancellable operating leases for office equipment are as follows:

	Group *2020* *£000*	*Company* *2020* *£000*
Not later than one year	18	-
Later than one year and not later than five years	31	-
	49	-

22. Contingent liabilities

The Group's only contingent liabilities are those which arise in the ordinary course of business in connection with the completion of contracts in accordance with specification. The Group has granted its bankers a bond and floating charge as security.

23. Jointly controlled operations

The Group is currently involved in a jointly controlled operation with MWH Treatment Limited. The Company's share in the jointly controlled operation is 50%.

24. Directors' loans

The Group has interest free loan agreements of £130,275 each with N Doherty, D Ross, M Gault and T Fry remaining outstanding at 31 March 2020.

25. Ultimate controlling party

There is no ultimate controlling party.