

Company Registration No. SC015727 (Scotland)

**D.C. WATSON & SONS (FENTON BARNS)
LIMITED**

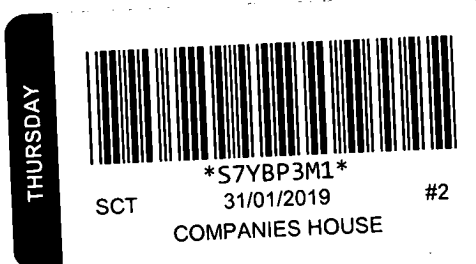
**UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 APRIL 2018**

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D.C. WATSON & SONS (FENTON BARNS) LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 30 APRIL 2018**

	Notes	2018 £	2017 £
Fixed assets			
Tangible assets	4	2,029,219	1,795,695
Investments	5	25,730	25,730
		<u>2,054,949</u>	<u>1,821,425</u>
Current assets			
Stocks		32,467	22,041
Debtors	7	127,081	113,801
Cash at bank and in hand		1,877	2,891
		<u>161,425</u>	<u>138,733</u>
Creditors: amounts falling due within one year	8	<u>(283,483)</u>	<u>(354,206)</u>
Net current liabilities		<u>(122,058)</u>	<u>(215,473)</u>
Total assets less current liabilities		<u>1,932,891</u>	<u>1,605,952</u>
Creditors: amounts falling due after more than one year	9	<u>(613,542)</u>	<u>(423,476)</u>
Net assets		<u><u>1,319,349</u></u>	<u><u>1,182,476</u></u>
Capital and reserves			
Called up share capital	11	1,056	1,056
Share premium account		189,240	189,240
Revaluation reserve	12	853,050	900,617
Profit and loss reserves		276,003	91,563
Total equity		<u><u>1,319,349</u></u>	<u><u>1,182,476</u></u>

The directors of the company have elected not to include a copy of the income statement within the financial statements.

For the financial year ended 30 April 2018 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

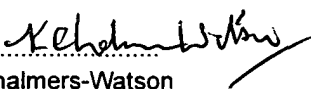
D.C. WATSON & SONS (FENTON BARNES) LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 APRIL 2018

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on28/1/19.....
and are signed on its behalf by:

.....
K Chalmers-Watson
Director

D.C. WATSON & SONS (FENTON BARNS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2018

1 Accounting policies

Company information

D.C. Watson & Sons (Fenton Barns) Limited is a private company limited by shares and is registered and incorporated in Scotland. The registered office is Fenton Barns, North Berwick, East Lothian, EH39 5BW.

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 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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 £.

The financial statements have been prepared under the historical cost convention (modified to include the revaluation of freehold properties). The principal accounting policies adopted are set out below.

Going concern

The accounts for the year ended 30 April 2018 have been prepared on a going concern basis. During the year the company made a profit before tax of £158,581 but had net current liabilities of £122,058.

The company meets its day to day working capital requirements through an overdraft facility which is repayable on demand. The facility was £100,000 during the year, however, the margin of facilities over requirements is not large and, inherently there can be no certainty in relation to these matters.

The directors have reviewed their working capital requirement for the period ending 12 months from the date of their approval of these financial statements. On the basis of this review the directors consider that the company will continue to operate within the facility currently agreed. The overdraft facility is due to be reviewed in March 2019. On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustments that would result from a withdrawal of the overdraft facility by the company's bankers.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rental Income

Rental income on land and property leased under operating leases is recognised on a straight line basis over the lease term and is presented within turnover.

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.

D.C. WATSON & SONS (FENTON BARNS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

1 Accounting policies (Continued)

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:

Land and buildings Freehold	0.5% - 2% Straight line
Plant and machinery	5% - 20% Straight line

The part of the annual depreciation charge on revalued assets which relates to the revaluation surplus is transferred from the revaluation reserve to the profit and loss account.

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.

Fixed asset investments

Interests in subsidiaries 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.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

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). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

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.

D.C. WATSON & SONS (FENTON BARNS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

1 Accounting policies (Continued)

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 when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors 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 financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

D.C. WATSON & SONS (FENTON BARNS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

1 Accounting policies (Continued)

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist 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 different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income and expenses from subsidiaries that will be assessed to or allow for tax in a future period except where the company is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

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.

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.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the income statement so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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 leased asset are consumed.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 11 (2017 - 12).

3 Directors' remuneration

	2018 £	2017 £
Remuneration paid to directors	51,032	58,174

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2017 - 1).

D.C. WATSON & SONS (FENTON BARNS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

4 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost or valuation			
At 1 May 2017	1,807,084	792,561	2,599,645
Additions	376,370	-	376,370
Disposals	(107,454)	-	(107,454)
At 30 April 2018	2,076,000	792,561	2,868,561
Depreciation and impairment			
At 1 May 2017	159,431	644,519	803,950
Depreciation charged in the year	30,297	24,271	54,568
Eliminated in respect of disposals	(19,176)	-	(19,176)
At 30 April 2018	170,552	668,790	839,342
Carrying amount			
At 30 April 2018	1,905,448	123,771	2,029,219
At 30 April 2017	1,647,653	148,042	1,795,695

The freehold land and buildings were valued by John Clegg & Co in March 1999 at their open market value of £2.205m and this was recognised in the financial statements. The freehold buildings were revalued by D M Hall, Chartered Surveyors, in March 2012 at their open market value of £3,000,000. The agricultural land was valued by Chalmers & Co, Chartered Surveyors on 30 April 2012 at an open market value of £1,315,000. Neither of these revaluations have been reflected in these financial statements. At 30 April 2018 the directors believe the net book value of land and buildings to be a reasonable reflection of their fair value.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	2018 £	2017 £
Cost	1,173,340	858,336
Accumulated depreciation	(163,171)	(151,947)
Carrying value	1,010,169	706,389

5 Fixed asset investments

	2018 £	2017 £
Investments	25,730	25,730

Fixed asset investments not carried at market value

Long term investments are unlisted and are measured at cost.

D.C. WATSON & SONS (FENTON BARNS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2018

6 Subsidiaries

Details of the company's subsidiaries at 30 April 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
David Morin (Builders) Limited	Scotland	Construction & civil engineering	Ordinary	100.00	

7 Debtors

	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors	73,524	73,204
Other debtors	53,557	40,597
	<u>127,081</u>	<u>113,801</u>

8 Creditors: amounts falling due within one year

	2018 £	2017 £
Bank loans and overdrafts	43,052	140,315
Obligations under finance leases	25,418	25,517
Trade creditors	46,668	51,973
Corporation tax	21,708	15,145
Other taxation and social security	5,477	4,581
Other creditors	27,351	23,944
Accruals and deferred income	113,809	92,731
	<u>283,483</u>	<u>354,206</u>

9 Creditors: amounts falling due after more than one year

	2018 £	2017 £
Bank loans and overdrafts	561,277	345,893
Other creditors	52,265	77,583
	<u>613,542</u>	<u>423,476</u>

The bank holds a bond and floating charge in respect of the term loan and overdraft.

D.C. WATSON & SONS (FENTON BARNS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2018

9 Creditors: amounts falling due after more than one year (Continued)

Creditors which fall due after five years are as follows:	2018	2017
	£	£
Payable by instalments	402,690	214,000

10 Finance lease obligations

Future minimum lease payments due under finance leases:	2018	2017
	£	£
Less than one year	25,418	25,517
Between one and five years	52,265	77,583
	<u>77,683</u>	<u>103,100</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 4 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

11 Called up share capital

	2018	2017
	£	£
Ordinary share capital		
Issued and fully paid		
960 Ordinary shares of 10p each	96	96
	<u>96</u>	<u>96</u>
Preference share capital		
Issued and fully paid		
960 Preference share of £1 each	960	960
	<u>960</u>	<u>960</u>

The 3% non cumulative preference shares of £1 each carry the right to a non cumulative dividend at a rate of 3% per annum on the capital paid up thereon and on winding up to repayment of such capital in priority to all other shares for the time being of the company but not to any further participation in profits or surplus assets.

The 3% non cumulative preference shares shall not entitle the holders thereof to receive notice of, or attend or vote, at any general meeting of the company.

D.C. WATSON & SONS (FENTON BARNS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2018

12 Revaluation reserve

	2018 £	2017 £
At beginning of year	900,617	906,398
Transfer to retained earnings	(8,412)	(5,781)
Release on sale	(39,155)	-
At end of year	853,050	900,617

13 Financial commitments, guarantees and contingent liabilities

At 30 April 2018 there was an unquantifiable contingent liability in respect of an existing obligation to upgrade the Sewage Treatment Works at Fenton Barns under the regulations of The Scottish Environment Protection Agency (SEPA). No security had been provided by the company in connection with the liability.

14 Related party transactions

Keith Chalmers-Watson, director of D C Watson & Sons (Fenton Barns) Limited was also the owner of Keith Chalmers-Watson, farming sole trader. On 6 October 2016 Keith Chalmers-Watson ceased trading and transferred assets and liabilities with a net book value of £26,612 to D C Watson & Sons Limited. This was equal to the amount due to the company at this date.

During the year, Keith Chalmers-Watson paid the company management charges totalling £nil (2017: £2,736), contracting charges totalling £nil (2017: £6,630) and recharged running expenses of £nil (2017: £22,566). In addition, Keith Chalmers-Watson charged the company £nil (2016: £1,875) for general running expenses. At the year end Keith Chalmers-Watson was owed £17,764 (2017: £15,450) from the company.