

REGISTERED NUMBER: SC067751 (Scotland)

**Audited Financial Statements**  
**for the Year Ended 31 October 2018**  
**for**  
**Hugh Simpson (Contractors) Limited**

Victor T Fraser & Co Limited  
Chartered Accountants and Statutory Auditor  
3-4 Market Place  
Wick  
Caithness  
KW1 4LP

SATURDAY



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27/07/2019  
COMPANIES HOUSE

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**for the Year Ended 31 October 2018**

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**Hugh Simpson (Contractors) Limited**

**Company Information**  
**for the Year Ended 31 October 2018**

<b>DIRECTOR:</b>	H Simpson
<b>SECRETARY:</b>	Mrs E C Simpson
<b>REGISTERED OFFICE:</b>	South Quay The Harbour Wick Caithness KW1 5HA
<b>REGISTERED NUMBER:</b>	SC067751 (Scotland)
<b>SENIOR STATUTORY AUDITOR:</b>	John F Cormack
<b>AUDITORS:</b>	Victor T Fraser & Co Limited Chartered Accountants and Statutory Auditor 3-4 Market Place Wick Caithness KW1 4LP
<b>BANKERS:</b>	Clydesdale Bank PLC 30 Bridge Street Wick Caithness KW1 4NG
<b>SOLICITORS:</b>	MacRoberts LLP Capella 60 York Street Glasgow G2 8JX

**Hugh Simpson (Contractors) Limited (Registered number: SC067751)**

**Balance Sheet**  
**31 October 2018**

	Notes	2018 £	2017 £
<b>FIXED ASSETS</b>			
Intangible assets	4	-	-
Tangible assets	5	<u>6,471,293</u>	<u>5,966,874</u>
		6,471,293	5,966,874
<b>CURRENT ASSETS</b>			
Stocks		71,422	65,103
Debtors	6	3,493,131	3,027,272
Cash at bank and in hand		<u>117,257</u>	<u>421,103</u>
		3,681,810	3,513,478
<b>CREDITORS</b>			
Amounts falling due within one year	7	<u>1,294,189</u>	<u>1,071,969</u>
<b>NET CURRENT ASSETS</b>		<u>2,387,621</u>	<u>2,441,509</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		8,858,914	8,408,383
<b>CREDITORS</b>			
Amounts falling due after more than one year	8	(1,124,572)	(1,260,232)
<b>PROVISIONS FOR LIABILITIES</b>		(529,297)	(485,955)
<b>ACCRUALS AND DEFERRED INCOME</b>	10	<u>(135,233)</u>	-
<b>NET ASSETS</b>		<u><u>7,069,812</u></u>	<u><u>6,662,196</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital		82,107	82,107
Capital redemption reserve		(472,391)	(472,391)
Retained earnings		<u>7,460,096</u>	<u>7,052,480</u>
<b>SHAREHOLDERS' FUNDS</b>		<u><u>7,069,812</u></u>	<u><u>6,662,196</u></u>

The financial statements have been prepared and delivered in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the director on 26 July 2019 and were signed by:



H Simpson - Director

**Notes to the Financial Statements**  
**for the Year Ended 31 October 2018**

**1. STATUTORY INFORMATION**

Hugh Simpson (Contractors) Limited is a private company, limited by shares, registered in Scotland. The company's registered number and registered office address can be found on the Company Information page.

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

**Turnover**

Turnover represents the value of the sale of goods and services to external customers net of value added tax, rebates and discounts.

Turnover is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer, which generally arises on delivery or in accordance with specific terms and conditions agreed with customers.

**Goodwill**

Goodwill, being the amount paid in connection with the acquisition of a business in 2005 was fully written off in the year of acquisition.

**Intangible assets**

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold property	- 2% on cost
Long leasehold	- at varying rates on cost
Plant and machinery	- 10% on reducing balance
Fixtures and fittings	- 10% on reducing balance
Motor vehicles	- 20% on reducing balance

Freehold property is stated at cost less accumulated depreciation and any recognised provision for impairment. Costs include original purchase price of the asset and the costs incurred attributable to bringing the asset to its working condition for intended use.

**Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other 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.

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 October 2018**

**2. ACCOUNTING POLICIES - continued**

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

**Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

**Government grants**

Government Grants are recognised at fair value when there is reasonable assurance that the Company will comply with the conditions attaching to them and the grants will be received. Grants relating to the purchase of assets are treated as deferred income and allocated to the profit and loss account over the useful life of the related assets. Grants relating to expenses are treated as income in the profit and loss account.

**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 statements.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset, with the next amounts presented in the financial statements, when there is 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, 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.

**Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

**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. The impairment loss is recognised in profit or loss.

**Derecognition of financial assets and liabilities**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity. Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 October 2018**

**2. ACCOUNTING POLICIES - continued**

**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, including trade and other creditors and bank loans, are initially recognised at transaction price unless the arrangement constitutes a financial transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as 'creditors: amounts falling due within one year' if payment is due within one year or less. If not, they are presented as 'creditors: amounts falling due after more than one year'. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

**Other financial liabilities**

Other financial liabilities, including debt instruments that do not meet the definition of a basic financial instrument, are measured at fair value through profit or loss.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

**3. EMPLOYEES AND DIRECTORS**

The average number of employees during the year was 38 (2017 - 47).

**4. INTANGIBLE FIXED ASSETS**

	Goodwill £
<b>COST</b>	
At 1 November 2017	
and 31 October 2018	<u>21,500</u>
<b>AMORTISATION</b>	
At 1 November 2017	
and 31 October 2018	<u>21,500</u>
<b>NET BOOK VALUE</b>	
At 31 October 2018	<u><u>-</u></u>
At 31 October 2017	<u><u>-</u></u>

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 October 2018**

**5. TANGIBLE FIXED ASSETS**

	Freehold property £	Long leasehold £	Plant and machinery £
<b>COST</b>			
At 1 November 2017	2,758	89,822	8,304,336
Additions	136,900	-	978,795
Disposals	-	-	(10,800)
At 31 October 2018	<u>139,658</u>	<u>89,822</u>	<u>9,272,331</u>
<b>DEPRECIATION</b>			
At 1 November 2017	1,373	47,117	2,859,717
Charge for year	55	2,293	562,624
Eliminated on disposal	-	-	(8,953)
At 31 October 2018	<u>1,428</u>	<u>49,410</u>	<u>3,413,388</u>
<b>NET BOOK VALUE</b>			
At 31 October 2018	<u>138,230</u>	<u>40,412</u>	<u>5,858,943</u>
At 31 October 2017	<u>1,385</u>	<u>42,705</u>	<u>5,444,619</u>
	Fixtures and fittings £	Motor vehicles £	Totals £
<b>COST</b>			
At 1 November 2017	27,125	1,055,373	9,479,414
Additions	-	231,500	1,347,195
Disposals	-	(235,950)	(246,750)
At 31 October 2018	<u>27,125</u>	<u>1,050,923</u>	<u>10,579,859</u>
<b>DEPRECIATION</b>			
At 1 November 2017	18,310	586,023	3,512,540
Charge for year	437	106,059	671,468
Eliminated on disposal	-	(66,489)	(75,442)
At 31 October 2018	<u>18,747</u>	<u>625,593</u>	<u>4,108,566</u>
<b>NET BOOK VALUE</b>			
At 31 October 2018	<u>8,378</u>	<u>425,330</u>	<u>6,471,293</u>
At 31 October 2017	<u>8,815</u>	<u>469,350</u>	<u>5,966,874</u>

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 October 2018**

**5. TANGIBLE FIXED ASSETS - continued**

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery £
<b>COST</b>	
At 1 November 2017	3,045,246
Additions	548,825
Transfer to ownership	<u>(705,694)</u>
At 31 October 2018	<u>2,888,377</u>
<b>DEPRECIATION</b>	
At 1 November 2017	455,374
Charge for year	224,654
Transfer to ownership	<u>(133,685)</u>
At 31 October 2018	<u>546,343</u>
<b>NET BOOK VALUE</b>	
At 31 October 2018	<u>2,342,034</u>
At 31 October 2017	<u>2,589,872</u>

**6. DEBTORS**

	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors	1,842,343	1,380,444
Amounts owed by related undertakings	867,811	988,784
Other debtors	<u>751,276</u>	<u>623,120</u>
	<u>3,461,430</u>	<u>2,992,348</u>
Amounts falling due after more than one year:		
Other debtors	<u>31,701</u>	<u>34,924</u>
Aggregate amounts	<u>3,493,131</u>	<u>3,027,272</u>

**7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2018 £	2017 £
Other loans	19,789	19,789
Hire purchase contracts	600,492	575,135
Trade creditors	252,685	105,660
Corporation Tax	86,999	63,875
Social security and other taxes	29,301	35,283
VAT	110,737	145,157
Directors' current accounts	6,662	6,661
Accruals and deferred income	<u>187,524</u>	<u>120,409</u>
	<u>1,294,189</u>	<u>1,071,969</u>

**8. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2018 £	2017 £
Hire purchase contracts	<u>1,124,572</u>	<u>1,260,232</u>

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 October 2018**

**9. SECURED DEBTS**

The following secured debts are included within creditors:

	2018	2017
	£	£
Hire purchase contracts	<u>1,725,064</u>	<u>1,835,367</u>

**10. ACCRUALS AND DEFERRED INCOME**

	2018	2017
	£	£
Balance at 1 November 2017	nil	nil
Amount received in year	150,259	nil
Amount released to profit and loss account	<u>-15,026</u>	<u>nil</u>
Balance at 31 October 2018	<u>135,233</u>	<u>nil</u>

**11. DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006**

The Report of the Auditors was unqualified.

John F Cormack (Senior Statutory Auditor)  
for and on behalf of Victor T Fraser & Co Limited

**12. CONTINGENT LIABILITIES**

The company has given a guarantee to Clydesdale Bank plc in respect of the bank balance of Simpson Oils Limited.

At 31 October 2018, the balance due to the bank amounted to £1,013,167 (2017 - £nil).

**13. RELATED PARTY DISCLOSURES**

**Simpson Oils Limited**

A company in which Hugh Simpson is majority shareholder.

The company provides management and other services to Simpson Oils Limited at normal commercial rates and on normal commercial terms.

The total value of services supplied by the company to Simpson Oils Limited during the year was £602,569 (2017 - £560,751).

The company purchases fuel and other products from Simpson Oils Limited at normal commercial rates and on normal commercial terms.

The total value of supplies made to the company by Simpson Oils Limited during the year was £418,879 (2017 - £143,235).

	2018	2017
	£	£
Amount due from/(to) related party at the balance sheet date	<u>867,811</u>	<u>988,784</u>

**Oil and Storage Services Limited**

A company in which Hugh Simpsons two sons are shareholders/directors

The company provides goods and services to Oil and Storage Services Limited at normal commercial rates and on normal commercial terms.

The total value of goods and services supplied by the company to Oil and Storage Services Limited during the year was £399 (2017 - £10,488).

The company purchases services from Oil and Storage Services Limited at normal commercial rates and on normal commercial terms.

The total value of services supplied to the company by Oil and Storage Services Limited during the year was £nil (2017 - £nil).

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 October 2018**

**13. RELATED PARTY DISCLOSURES - continued**

**MPA Engineering Limited**

A company owned by Oil and Storage Services Limited

The company provides goods and services to MPA Engineering Limited at normal commercial rates and on normal commercial terms.

The total value of goods and services supplied by the company to MPA Engineering Limited during the year was £40 (2017 - £6,318).

The company purchases services from MPA Engineering Limited at normal commercial rates and on normal commercial terms.

The total value of services supplied to the company by MPA Engineering Limited during the year was £31,569 (2017 - £40,744).

	2018	2017
	£	£
Amount due from/(to) related party at the balance sheet date	<u>43</u>	<u>(5,415)</u>

**H Simpson**

Director and majority shareholder

The amounts outstanding at the end of the financial year in respect of loans from the director to the company were £6,662 (2017 - £6,661).

As at 31 October 2018, the company had outstanding loans due to members of the director's family totalling £19,789 (2017 - £19,789).

**14. ULTIMATE CONTROLLING PARTY**

The company is under the control of Mr H Simpson who owns 98.8% of the ordinary share capital.

**15. ETHICAL STANDARD**

In common with many other businesses of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.