

Wallace Group Limited
Annual report and financial statements
for the year ended 30 November 2017

Registered Number SC245921



Wallace Group Limited

Annual report and financial statements for the year ended 30 November 2017

Contents

Directors and advisers for the year ended 30 November 2017	1
Directors' report for the year ended 30 November 2017.....	2
Independent auditors' report to the members of Wallace Group Limited	5
Consolidated profit and loss account for the year ended 30 November 2017	7
Consolidated statement of comprehensive income for the year ended 30 November 2017	7
Balance sheets as at 30 November 2017	8
Consolidated statement of changes in equity for the year ended 30 November 2017	9
Company statement of changes in equity for the year ended 30 November 2017.....	10
Consolidated cash flow statement for the year ended 30 November 2017	11
Notes to the financial statements for the year ended 30 November 2017	12

Wallace Group Limited

Directors and advisers for the year ended 30 November 2017

Directors

H Turnbull

J Turnbull

K Turnbull

KL Turnbull (appointed 28 November 2017)

Secretary

H Turnbull

Independent auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

141 Bothwell Street

Glasgow

G2 7QE

Solicitors

BTO Solicitors LLP

48 St Vincent Street

Glasgow

G2 5HS

Brodies LLP

15 Atholl Crescent

Edinburgh

EH3 8HA

Registered office

Wallace House

Whitehouse Road

Stirling

FK7 7TA

Bankers

Clydesdale Bank plc

158/162 High Street

Perth

PH1 5UH

Wallace Group Limited

Directors' report for the year ended 30 November 2017

Registered Number SC245921

The directors present their report and the audited consolidated financial statements for the year ended 30 November 2017.

Business review and principal activities

Wallace Group Limited ("the company") comprises Stirling Stone Ltd, Toffolo Stirling Ltd, Natstone Developments Ltd, Construction Materials Consultants Ltd and Stone Design Ltd, offering a unique, diverse service within the dimensional stone industry throughout the United Kingdom.

The directors take into consideration:

- The likely consequences of any decision in the long term;
- The interests of the groups employees;
- The need to foster the groups business relationships with suppliers, customers and others;
- The impact of the group operations on the community and the environment;
- The desirability for the group maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between the company's members.

The results for the group show a profit before taxation for the financial year of £307,000 (2016: £61,000) and sales of £5,351,000 (2016: £5,395,000). The consolidated profit and loss account for the year is set out on page 7.

The group has net assets of £589,000 (2016: £332,000).

Future outlook

The domestic sector continues to be very difficult but the directors anticipate that the upturn in activity seen in the current year will continue and be shown in next year's results.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks affecting the company are considered to relate to competition from other stone companies, employee retention and material availability.

Key performance Indicators ("KPIs")

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Wallace Group Limited

Directors' report for the year ended 30 November 2017 (continued)

Dividends and deductions from reserves

The directors do not recommend payment of a dividend to equity holders. The profit for the financial year of £257,000 (2016: £63,000) will be added to reserves.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were as listed on page 1.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law) and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A, 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 group and parent company and of the profit or loss of the group and parent company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 102 Section 1A, have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the group and parent company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Wallace Group Limited

Directors' report for the year ended 30 November 2017 (continued)

Disclosure of information to independent auditors

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the group and parent company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group and parent company's auditors are aware of that information.

PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

Small company provisions

This report has been prepared, where appropriate, prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

By order of the Board



H Turnbull
Director
31 July 2018

Wallace Group Limited

Independent auditors' report to the members of Wallace Group Limited

Report on the audit of the financial statements

Opinion

In our opinion, Wallace Group Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 30 November 2017 and of the group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A, and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the group and company balance sheets as at 30 November 2017; the consolidated statement of comprehensive income, the consolidated and company statements of changes in equity and the consolidated cash flow statement for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

- 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 and 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion on, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Wallace Group Limited

Independent auditors' report to the members of Wallace Group Limited (continued)

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 30 November 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Paul Cheshire (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Glasgow
1 August 2018

Wallace Group Limited

Consolidated statement of comprehensive income for the year ended 30 November 2017

	Note	Year ended 30 Nov 2017 £'000	Year Ended 30 Nov 2016 £'000
Turnover	5	5,351	5,395
Cost of sales		(2,846)	(3,202)
Gross profit		2,505	2,193
Administrative expenses		(2,197)	(2,134)
Other operating income	8	-	3
Operating profit	9	308	62
Interest payable and similar charges	10	(1)	(1)
Profit on ordinary activities before taxation		307	61
Tax on profit on ordinary activities	11	(50)	2
Profit for the financial year		257	63
Other comprehensive income		-	-
Total comprehensive income for the year		257	63

All items dealt with in arriving at profit on ordinary activities before taxation relate to continuing operations.

Wallace Group Limited

Balance sheets as at 30 November 2017

	Note	Group 30 Nov 2017 £'000	Company 30 Nov 2017 £'000	Group 30 Nov 2016 £'000	Company 30 Nov 2016 £'000
Fixed assets					
Intangible assets	12	79	-	91	-
Tangible fixed assets	13	33	-	12	-
Investments	14	-	40	-	40
		112	40	103	40
Current assets					
Stocks	15	49	-	54	-
Debtors	16	1,750	13	1,745	14
Cash at bank and in hand		605	-	830	-
		2,404	13	2,629	14
Creditors: amounts falling due within one year	17	(1,901)	-	(2,400)	-
Net current assets		503	13	229	14
Total assets less current liabilities		615	53	332	54
Creditors: amounts falling due after more than one year	18	(26)	-	-	-
Net assets		589	53	332	54
Capital and reserves					
Called up share capital	20	125	125	125	125
Profit and loss account		464	(71)	207	(71)
Total shareholders' funds		589	54	332	54

The notes on pages 12 to 29 are an integral part of these financial statements.

The financial statements on pages 7 to 29 were approved by the board of directors on 31 July 2018 and were signed on its behalf by:



H Turnbull
Director

Wallace Group Limited

Consolidated statement of changes in equity For the year ended 30 November 2017

	Share Capital £'000	Profit and Loss Account £'000	Total £'000
As at 1 December 2015	125	144	269
Profit and total comprehensive income for the year	-	63	63
As at 30 November 2016	125	207	332
As at 1 December 2016	125	207	332
Profit and total comprehensive income for the year	-	257	257
As at 30 November 2017	125	464	589

Wallace Group Limited

Company statement of changes in equity For the year ended 30 November 2017

	Share Capital £	Profit and Loss Account £	Total £
As at 1 December 2015	125	(71)	54
Profit and total comprehensive income for the year	-	-	-
As at 30 November 2016	125	(71)	54
As at 1 December 2016	125	(71)	54
Profit and total comprehensive income for the year	-	-	-
As at 30 November 2017	125	(71)	54

Wallace Group Limited

Consolidated cash flow statement for the year ended 30 November 2017

	Note	Year ended 30 Nov 2017 £'000	Year ended 30 Nov 2016 £'000
Net cash inflow from operating activities	23	(212)	510
Returns on investments and servicing finance		(1)	
Taxation paid		(11)	-
Capital expenditure		(32)	-
Net cash generated from operating activities		(256)	510
Cash flow from financing activities			
Increase/(decrease) of debt		31	(5)
Net cash used in financing activities		31	(5)
Net (decrease)/Increase in cash and cash equivalents		(225)	505
Cash and cash equivalents at the beginning of the year		830	325
Cash and cash equivalents at the end of the year		605	830

Wallace Group Limited

Notes to the financial statements for the year ended 30 November 2017

1 General information

Wallace Group Limited ('the company') and its subsidiaries offer a unique, diverse service within the dimensional stone industry throughout the United Kingdom.

The company is a private company limited by shares and incorporated and domiciled in the UK. The address of its registered office is Wallace House, Whitehouse Road, Stirling, FK7 7TA.

2 Statement of compliance

The Group and individual financial statements of Wallace Group Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") Section 1A and the Companies Act 2006.

3 Accounting policies

The principal accounting policies adopted in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These consolidated and separated financial statements are prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and Company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

The company has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual profit and loss account.

Going concern

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its financial statements.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions, have been complied with, including notification of and no objection to, the use of exemptions by the company's shareholders. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. As a qualifying entity, Wallace Group Limited has taken advantage of the following exemptions in respect of the company financial statements:

Wallace Group Limited

Notes to the financial statements for the year ended 30 November 2017 (continued)

3 Accounting policies (continued)

- i) from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102;
- ii) from the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102;
- iii) from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv) of FRS 102; and
- iv) from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the group and all its subsidiary undertakings made up to 30 November 2017. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired in the year are included in the consolidated profit and loss account from the date of acquisition.

Investments

Investments in subsidiaries are measured at cost less impairment and are carried at cost. The directors believe that the carrying value of the investments is supported by their underlying net assets.

Intangible assets

When the fair value of the consideration for an acquired undertaking exceeds the fair value of its separable net assets, the difference is treated as purchased goodwill and is amortised through the profit and loss account over its estimated economic life. The estimated economic life of goodwill is twenty years. On adoption of FRS 102, Wallace Group Limited elected not to apply Section 19 of FRS 102 in relation to business combinations which occurred prior to the date of transition. As such there was no adjustment to the carrying value of goodwill and no change to the useful life over which it is amortised.

Tangible fixed assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition. Depreciation is calculated so as to write off the cost of tangible fixed assets over the expected useful economic life of the asset concerned. The principal annual rates used for this purpose are:

Motor vehicles	25%	(reducing balance)
Plant and machinery	25%	(reducing balance)
Fixtures and fittings	25%	(reducing balance)

Hire purchase contracts and operating leases

Assets obtained under hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the obligations is charged to the profit and loss account over the period of the contract and represents a constant proportion of the balance of capital repayments outstanding.

Costs in respect of operating leases are charged on a straight line basis over the lease term.

Wallace Group Limited

Notes to the financial statements for the year ended 30 November 2017 (continued)

3 Accounting policies (continued)

Stocks

Stocks are valued at the lower of cost and estimated selling price less costs to complete and sell, after making due allowance for obsolete and slow moving items.

Financial instruments

The group has chosen to adopt Section 11 of FRS 102 in respect of basic financial instruments.

(i) Financial assets

Basic financial assets, including trade and other debtors and cash and bank balances, are initially recognised at transaction price, 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.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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 the consolidated statement of comprehensive income.

If there is 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 consolidated statement of comprehensive income.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans and loans from fellow group companies, 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 receipts discounted at a market rate of interest.

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

Wallace Group Limited

Notes to the financial statements for the year ended 30 November 2017 (continued)

3 Accounting policies (continued)

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 current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

The group does not hold or issue derivative financial instruments.

Turnover

Turnover represents amounts invoiced to outside customers, net of trade discounts and value added tax, except in respect of contracting activities where turnover represents the value of work carried out during the year including amounts not invoiced. Turnover from the sale of goods is recognised when the company has transferred the significant risks and rewards of ownership of the goods to the buyer, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the company.

Profit on individual contracts is taken only when their outcome can be foreseen with reasonable certainty, based on the lower of the percentage margin earned to date and that forecast at completion, taking account of agreed claims. Full provision is made for all known or expected losses on individual contracts immediately as such losses are foreseen.

Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

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

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

(ii) Deferred tax

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

Wallace Group Limited

Notes to the financial statements for the year ended 30 November 2017 (continued)

3 Accounting policies (continued)

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

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

Pension

The pension costs charged against profits represent the amounts of contributions payable into individual plans for the benefit of employees.

4 Critical accounting judgements and estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Inventory valuation

The company makes an estimate of the valuation of inventory held at the balance sheet date when this relates to a partially cut piece of material and so the original cost is no longer representative of the value. When determining the value, management consider the nature and condition of the inventory, as well as applying assumptions around future usage and saleability, based on cumulative previous experience.

Recoverability of other debtors

The company has recognised a debtor balance of £1,052,000 (2016: £1,062,000) from related party Ramoyle Group Limited as disclosed in Note 20. Management have considered the recoverability of this debtor and made assumptions regarding the recoverability in recognising the full amount of recharged expenses as recoverable.

Carrying value of investments

The directors assess the carrying value of investments for impairment annually. Investments relate entirely to wholly owned subsidiaries and no indicators of impairment have been noted. As such, management are comfortable that the carrying value of investments is supported by their underlying net assets.

Wallace Group Limited

Notes to the financial statements for the year ended 30 November 2017 (continued)

4 Critical accounting judgements and estimation uncertainty (continued)

Estimated useful life of goodwill

Goodwill arising from historic business combinations is considered to have a useful life of twenty years. No circumstances have come to light which suggest this should be re-evaluated.

5 Turnover

All turnover arises from sales from the design, supply and installation of goods made in the United Kingdom. Turnover derives from one class of sale.

6 Directors' emoluments

The remuneration paid to the directors, who are also considered the key management personnel, of the company was:

	Year ended 30 Nov 2017	Year ended 30 Nov 2016
	£'000	£'000
Aggregate emoluments	807	705
Contributions to money purchase schemes	9	4
	816	709

Retirement benefits are accruing to seven (2016: eight) directors under a defined contribution pension scheme.

Highest paid director	Year ended 30 Nov 2017	Year ended 30 Nov 2016
	£'000	£'000
Aggregate emoluments	198	203

Wallace Group Limited

Notes to the financial statements for the year ended 30 November 2017 (continued)

7 Employee information

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

	Year ended 30 Nov 2017 Number	Year ended 30 Nov 2016 Number
Administration	25	25
Production	7	7
	32	32

Staff costs (for the above persons):	Year ended 30 Nov 2017 £'000	Year ended 30 Nov 2016 £'000
Wages and salaries	1,419	1,402
Social security costs	173	170
Other pension costs (note 24)	23	15
	1,615	1,587

8 Other operating income

	Year ended 30 Nov 2017 £	Year ended 30 Nov 2016 £
Other operating income	-	2

Wallace Group Limited

Notes to the financial statements for the year ended 30 November 2017 (continued)

9 Operating profit

	Year ended 30 Nov 2017	Year ended 30 Nov 2016
	£	£
Operating profit is stated after charging:		
Depreciation – tangible owned assets	11	4
Goodwill amortisation	12	12
Operating lease rentals – land and buildings	109	101
Inventory recognised as an expense	178	168
Services provided by the company's auditors		
- Fees payable for the audit of the company and subsidiaries	27	26
- Fees payable for other services – tax compliance	12	11

10 Interest payable and similar charges

	Year ended 30 Nov 2017 £'000	Year ended 30 Nov 2016 £'000
Hire purchase contracts	1	1

Wallace Group Limited

Notes to the financial statements for the year ended 30 November 2017 (continued)

11 Tax on profit on ordinary activities

(a) Tax expense included in profit and loss

	Year ended 30 Nov 2017 £'000	Year ended 30 Nov 2016 £'000
Current tax:		
UK corporation tax	44	11
Total current tax	44	11
Deferred tax:		
Origination and reversal of timing differences	7	(16)
Impact of change in tax rate	(1)	2
Total deferred tax	6	(13)
Tax on profit on ordinary activities	50	(2)

(b) Reconciliation of tax charge

The effective rate of tax is (2016: lower) than the UK corporation tax rate of 19% (2016: 20%) and the differences are explained below:

	Year ended 30 Nov 2017 £'000	Year ended 30 Nov 2016 £'000
Profit on ordinary activities before tax	307	61
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2016: 20%)	59	12
Effects of:		
Expenses not deductible for tax and other permanent differences	2	3
Depreciation for the year in excess of capital allowances/STTDs	-	-
Tax losses utilised	-	-
Deferred tax not provided	(10)	(20)
Tax rate changes	(1)	2
Current tax charge for the year	50	(2)

Wallace Group Limited

Notes to the financial statements for the year ended 30 November 2017 (continued)

11 Tax on profit on ordinary activities (continued)

(c) Tax rate changes

At Summer Budget 2015, the government announced legislation setting the Corporation Tax main rate (for all profits except ring fence profits) at 19% for the years starting the 1 April 2017, 2018 and 2019 and at 18% for the year starting 1 April 2020. At Budget 2016, the government announced a further reduction to the Corporation Tax main rate (for all profits except ring fence profits) for the year starting 1 April 2020, setting the rate at 17%.

Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

A deferred tax asset of £30,800 (2016: £40,500) has not been recognised at the year-end due to the uncertainty over its future recoverability.

12 Intangible assets

Group	Goodwill £'000
Cost	
At 1 December 2016 and 30 November 2017	245
Accumulated amortisation	
At 1 December 2016	154
Charge for the year	12
At 30 November 2017	166
Net book amount	
At 30 November 2017	79
At 30 November 2016	91

Wallace Group Limited

Notes to the financial statements for the year ended 30 November 2017 (continued)

13 Tangible fixed assets

Group	Motor Vehicles £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 December 2016	23	280	7	310
Additions	13	19	-	32
At 30 November 2017	36	299	7	342
Accumulated depreciation				
At 1 December 2016	18	273	7	298
Charge for the year	5	6	-	11
At 30 November 2017	23	279	7	309
Net book amount				
At 30 November 2017	13	20	-	33
At 30 November 2016	5	7	-	12

14 Fixed asset investments

	2017 £'000	2016 £'000
Company		
At 30 November 2016 and at 30 November 2017	40	40

The directors believe that the carrying value of the Investments is supported by their underlying net assets.

Wallace Group Limited

Notes to the financial statements

for the year ended 30 November 2017 (continued)

14 Fixed asset investments (continued)

The investments balance comprises holdings in related undertakings as detailed below. All related undertakings are registered at the same address as Wallace Group Limited.

Name of subsidiary undertaking	Country of incorporation and operation	Description of shares held	Proportion of nominal value of issued shares held	Principal activity
Stirling Stone Limited	Scotland	£1 ordinary shares	100%	Supply and fixing of natural stone
Toffolo Stirling Limited	Scotland	£1 ordinary shares	100%	Supply and installation of marble and granite
Stone Design Limited	Scotland	£1 ordinary shares	100%	Sourcing, design and budgetary control and fixing of natural stone
Construction Materials Consultants Limited	Scotland	£1 ordinary shares	100%	Consultancy service relating to material analysis
Natstone Developments Limited	Scotland	£1 ordinary shares	100%	Developing and letting of property
Stirling Stone (Restoration) Limited	Scotland	£1 ordinary shares	100%	Dormant
Natstone Limited	Scotland	£1 ordinary shares	100%	Dormant
Stirling Sealants Limited	Scotland	£1 ordinary shares	100%	Dormant
Stirling Stone	Scotland	£1 ordinary shares	100%	Dormant
Toffolo Limited	Scotland	£1 ordinary shares	100%	Dormant
Quality Stone Limited	Scotland	£1 ordinary shares	100%	Dormant
Steading Developments Limited	Scotland	£1 ordinary shares	100%	Dormant

Wallace Group Limited

Notes to the financial statements for the year ended 30 November 2017(continued)

15 Stocks

Group	30 Nov 2017	30 Nov 2016
	£'000	£'000
Raw materials and consumables	49	54

16 Debtors

	Group 30 Nov 2017	Company 30 Nov 2017	Group 30 Nov 2016	Company 30 Nov 2016
	£'000	£'000	£'000	£'000
Trade debtors	430	-	387	-
Amounts recoverable on contracts	210	-	244	-
Amounts due by group undertakings	-	13	-	14
Other debtors	1,064	-	1,067	-
Deferred tax	7	-	13	-
Prepayments and accrued income	39	-	34	-
	1,750	13	1,745	14

Amounts owed by group undertakings are unsecured, accrue no interest and are repayable on demand.

Wallace Group Limited

Notes to the financial statements for the year ended 30 November 2017 (continued)

17 Creditors: amounts falling due within one year

	Group 30 Nov 2017	Company 30 Nov 2017	Group 30 Nov 2016	Company 30 Nov 2016
	£'000	£'000	£'000	£'000
Obligations under hire purchase contracts	6	-	1	-
Payments received on account	533	-	1,085	-
Trade creditors	593	-	549	-
Corporation tax	44	-	11	-
Other taxation and social security	160	-	187	-
Other creditors	429	-	458	-
Accruals and deferred income	136	-	109	-
	1,901	-	2,400	-

18 Creditors: amounts falling due after more than one year

	30 Nov 2017	30 Nov 2016
Group	£'000	£'000
Obligations under hire purchase contracts	26	1

Wallace Group Limited

Notes to the financial statements for the year ended 30 November 2017 (continued)

19 Financial instruments by category

	Group	
	30 Nov 2017	30 Nov 2016
	£'000	£'000
Financial assets		
Financial assets that are debt instruments measured at amortised cost:		
Trade debtors (note 16)	430	387
Other debtors (note 16)	1,064	1,067
Cash and cash equivalents	605	830
	2,099	2,284
Financial liabilities		
Financial liabilities measured at amortised cost		
Trade creditors (note 17)	593	549
Other creditors (note 17)	429	458
	1,022	1,007

20 Called up share capital

	30 Nov 2017	30 Nov 2016
Group	£'000	£'000
Authorised		
250,000 (2016: 250,000) ordinary shares of £1 each	250	250
Allotted and fully paid		
125,001 (2016: 125,001) ordinary shares of £1 each	125	125

Wallace Group Limited

Notes to the financial statements for the year ended 30 November 2017 (continued)

20 Called up share capital (continued)

Company	30 Nov 2017 £'000	30 Nov 2016 £'000
Authorised		
250,000 (2016: 250,000) ordinary shares of £1 each	250	250
Allotted and fully paid		
125,001 (2016: 125,001) ordinary shares of £1 each	125	125

21 Guarantees and other financial commitments

Parent company guarantees

As subsidiaries of the group, Stone Design Limited, Construction Materials Consultants Limited and Natstone Developments Limited have taken advantage of the permitted exception from the requirement of the Companies Act 2006 relating to the audit of accounts under section 479a of the Companies Act 2006. As such, Wallace Group Limited has provided guarantees to the subsidiaries under Section 479C of the Companies Act 2006 in respect of the financial year ended 30 November 2017.

Financial commitments

At the year end the company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	30 Nov 2017	30 Nov 2016
	Land and buildings	Land and buildings
	£	£
Payments due		
Not later than one year	108,750	108,750
Later than one year and not later than five years	206,178	314,928
Later than five years	-	-

The company had no annual commitments under non-cancellable operating leases.

Wallace Group Limited

Notes to the financial statements for the year ended 30 November 2017 (continued)

22 Analysis of net funds

	At 1 December 2016	Cash flows	At 30 November 2017
	£'000	£'000	£'000
Net cash			
Cash at bank and in hand	830	(225)	605
Debt			
Obligations under Hire Purchase	(1)	(31)	(32)
Net funds	829	(256)	573

23 Notes to the statement of cash flows

	Year ended 30 Nov 2017	Year ended 30 Nov 2016
	£'000	£'000
Profit for the financial year	307	61
Tax on profit on ordinary activities	1	(3)
Operating profit	308	58
Amortisation of intangible assets	12	12
Depreciation of tangible assets	11	4
Decrease/(Increase) in stocks	5	4
Decrease / (Increase) in debtors	(11)	(302)
(Decrease) / Increase in creditors	(537)	734
Cash flow from operating activities	(212)	510

Wallace Group Limited

Notes to the financial statements for the year ended 30 November 2017 (continued)

24 Pension costs

The company operates an executive pension plan for the directors and a group personal pension scheme for all other employees. Both of these are defined contribution schemes. The contributions paid to these schemes amounted to £23,000 (2016: £15,000).

25 Ultimate controlling party

The ultimate controlling party of the group is the Turnbull family by way of their aggregate majority shareholding.

Wallace Group Limited is the only company to consolidate the company's financial statements.

26 Related party transactions

During the year the Group incurred expenses to the value of £109,000 (2016: £85,000) on behalf of Ramoyle Group Limited. The debtor balance owed by Ramoyle Group as at 30 November 2017 of £1,052,000 (2016: £1,062,000) is included within other debtors. The directors have considered the recoverability of this debtor and are confident that it will be fully received.

The entities are related through the common directorships of H Turnbull and J Turnbull.