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Robertson Construction Group Limited

Annual report and financial statements

Registered number SC347921

31 March 2016

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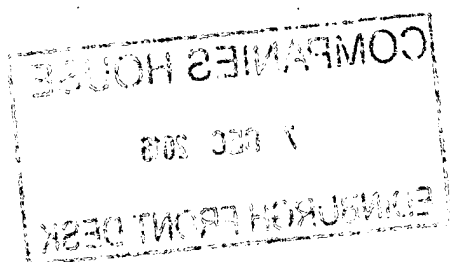
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Company information

Directors	WG Robertson S Roberts DW Shewan
Secretary	I Wilson
Registered office	10 Perimeter Road Elgin IV30 6AE
Auditor	Grant Thornton UK LLP Statutory Auditor Chartered Accountants 110 Queen Street Glasgow G1 3BX
Bankers	Santander UK plc 1 st Floor 287-301 St Vincent Street Glasgow G2 5HN
Solicitors	The Commercial Law Practice Commercial House 2 Rubislaw Terrace Aberdeen AB10 1XE

Strategic Report

Principal activities

Robertson Construction Group provides construction and property development services to clients throughout Scotland and the North of England. Its aim is to identify opportunities early in their development to enable it to work in partnership with - and deliver best value for - its clients and wherever possible, establish long term relationships with them.

The group's activities during the year can be summarised as follows:

Sector	2016	2015
Education	24%	31%
Manufacturing, Industrial, Retail, Commercial	28%	36%
Housing / Residential Care	13%	17%
Public Sector (excl health, education & housing)	15%	11%
Health	8%	5%

Business Highlights

Robertson Construction Group, now in its 50th year, has enjoyed another year of strong progress. Our focus on using market knowledge and innovation to target and secure improving quality workload has allowed the business to achieve record levels of turnover, profit and cash in what remains a highly competitive market place.

Our Regional Business Model has allowed us to further expand our geographic coverage and our strategy of developing and investing in new products and services to deliver higher margins has also seen the establishment of a specialist services business focused on rendering and roofing services.

The group has been successful within all of the regions in which it operates and with the addition of a new regional business covering Yorkshire and East Midlands, our geographic coverage continues to expand. We now have seven regional construction businesses, four in Scotland and three in England, where we see considerable scope for further growth.

Reflecting our regional business model, we are committed to ensuring that local communities and economies have the opportunity to benefit from the projects we undertake within their locality. Our Communities Benefit engagement programme facilitates the opportunity for young people and the local supply chain to become involved in projects and has resulted in us providing many positive economic impacts as well as new career and work experience opportunities. This commitment emphasises the Group's awareness of the requirement for the private sector to play its part in re-energising local communities.

Our 7 regional businesses are augmented by the recent creation of complimentary higher margin building services, civil engineering and specialist service businesses enabling us to move into new markets and geographies.

As a result of our track record and diversity, we have now firmly established ourselves as a significant niche infrastructure provider which can deliver "major projects in excess of £50m" and which is a trusted partner in many public and private sector "frameworks" such as East Central HUB, SCAPE and Health Facilities Scotland. The broader skill set we have created is giving us the opportunity to be more selective in the value of projects we procure.

Our Major Projects Division is well into the £130m development at "The Macallan" Distillery for The Edrington Group, Suntory and William Grant. This project is demonstrating our ability to deliver large, complex buildings and is due for completion in summer 2017. Our track record here has been key to our recent success in being appointed preferred contractor on the new £245m Aberdeen Exhibition and Conference Centre, with Henry Boot Developments, and also the appointment as contractor, in conjunction with Robertson Capital Projects, on the new £60m Balfour Hospital development in Orkney.

Strategic report (continued)

Underpinning our recent success has been the continued spend by the Public Sector, particularly in Scotland. We believe this market will continue to offer opportunity in the medium term, but we will remain vigilant in seeking alternative markets should that change.

The greatest threat to our industry could come from the continued over reliance on a depleting supply chain, where we are failing to adopt new technology quickly enough and similarly failing to attract enough skilled and unskilled people in the numbers required to address any real level of growth. Our group recognises the threats in these areas and has provided substantial resource to address the ongoing shortfall.

We are one of the first employers in Scotland to be awarded Investors in Young People accreditation and have launched a Robertson e-learning academy. There is also an internship programme set up where 15 graduates can join the group for 3 months to gain experience of the many specialist areas within the group.

Financial Highlights

The group had a very successful year, producing a post-tax profit of £10.9m (2015: £7.1m) for its shareholder.

Turnover levels increased by 52% due to several large contract awards combined with geographic expansion into the Yorkshire and East Midlands regions. Gross margins also improved from 7.4% to 7.6% and overhead recovery levels improved from 3.9% to 3.5% in the year. We have a strong order book and are confident of a continued increase in activity levels within the next 12 months.

During the year the group made an interim dividend payment of £1,977,000 (2015: £1,024,000).

The group generated £24m of cash in the year, £13.8m of which came from operating profits, with the balance attributable to working capital improvements associated with a significant increase in our activity levels. Net assets at the year-end were £36.0m (2015: £27.1m).

The group's strategy has been developed on the following three main areas of focus:

1) Business Development

The Robertson Group continues to capitalise on its track record of delivery, geographical network, brand, client relationships, sector and market knowledge to ensure that it retains and attracts new clients. Its strategy is to have a high quality market facing business development resource supported by an experienced knowledge and research team who will identify opportunities earlier in their development. The market place continues to change and evolve and this knowledge approach will allow the group to identify projects and client requirements at an earlier stage so that it has a better likelihood of working in partnership with its clients.

2) Operational Performance

The strategy of the group must include a key focus on operational performance where we aim to deliver high quality outcomes for all our customers. We must continually look at our efficiency and challenge our cost base to deliver the desired commercial return. We are fortunate to have developed a significant internal and external supply chain and through innovation can identify and implement new ways of completing processes and projects to maintain a competitive edge.

3) People

The most valuable asset of the group is the quality of our staff and it is our strategic aim to create a high performance culture, educating, training and developing our people to be the best. We must provide the correct remuneration packages to attract, motivate and retain employees and lastly build a resource pipeline to ensure we have the "right skills" at the "right time".

The above strategic focus must always be underpinned by our key strategic principles which are innovation, collaboration, integrity, community and sustainable growth.

Strategic report (continued)

Principal risks and uncertainties affecting the business

The principal risks and uncertainties affecting the business are varied and include the following:

- Macro-economic factors affecting the whole of the construction industry and the wider economy at this time.
- Effect of legislation or other regulatory activities. The group continually monitors all forthcoming and current legislation and guidelines to ensure it fully complies with all necessary requirements.
- Market and asset values. The group has re-valued the carrying value of its property portfolio based on current rents and yields and recorded an impairment in value where appropriate.
- Construction risk. The group places considerable emphasis on front end controls and ongoing project diligence in an attempt to minimise construction risk.

Key performance indicators

Key financial performance indicators include the monitoring of turnover, profit before tax and net debt.

Key financial performance indicators

		2016	2015	Measure
Profit before tax	£000	13,716	8,705	
Gross Margin	%	7.6	7.4	Gross profit/turnover
Overhead recovery	%	3.5	3.9	Admin expenditure/turnover
Cashflow	£000	23,967	5,579	Net funds movement
Number of employees (avge)	Number	647	449	Average number

Key non-financial performance indicators include the monitoring of health and safety and quality throughout the group.

Employees

During the year the policy of providing employees with general information continued. Relevant information is supplied at the discretion of management, when considered appropriate.

The group gives every consideration to applications for employment from disabled persons where the requirements of the job may be adequately covered by a handicapped or disabled person.

With regard to existing employees and those who have become disabled during the year, the group has continued to examine ways and means of providing continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

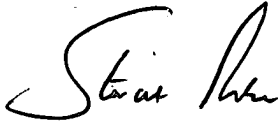
Equal opportunities are given to all employees for training, career development and promotion. The group involves employees in matters affecting terms and conditions of employment. Induction courses are run for new employees.

Political and charitable donations

The group made no political contributions during the year. Donations to UK charities amounted to £nil (2015: £nil).

Strategic report (continued)

This report was authorised by the board and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'S Roberts', written in a cursive style.

S Roberts
Director
16th November 2016

10 Perimeter Road
Pinefield Industrial Estate
Elgin, IV30 6AE

Directors' report

The directors present their audited financial statements for the year ended 31 March 2016.

The directors have included in the Strategic report matters required by regulations under section 416(4), these include future developments, employees and charitable donations.

Directors

The directors who held office during the year and to the date of this report were as follows:

WG Robertson
S Roberts
DW Shewan

Directors' indemnities

The group has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Principal activities

The group is a construction and support services business with principal activities in construction, property development and investment, civil engineering, mechanical and electrical engineering. These activities are carried out by a number of principal subsidiaries.

Going concern

The directors have a reasonable expectation that the group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in the Statement of accounting policies in the financial statements.

Dividends

The directors recommended and paid an interim dividend of £1.977m (2015:£1.024m), no final dividend has been recommended.

Disclosure of information to auditor

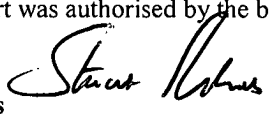
Each of the persons who is a director at the date of approval of this directors' report confirm that:

- so far as they are each aware, there is no relevant audit information of which the group's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the group's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Grant Thornton UK LLP will therefore continue in office.

This report was authorised by the board and signed on its behalf.


S Roberts
Director

16th November 2016

10 Perimeter Road
Pinefield Industrial Estate
Elgin, IV30 6AE

Directors' responsibilities statement

The directors are responsible for preparing the group's 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 year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 '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 parent company and of the profit or loss for that period. In preparing each of the group and parent company 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business; and
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that its financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Independent auditor's report to the members of Robertson Construction Group Limited

We have audited the financial statements of Robertson Construction Group Limited for the year ended 31 March 2016 which comprise the statement of comprehensive income, the consolidated statement of comprehensive income, the consolidated and parent company statements of financial position, the consolidated statement of cash flow, the consolidated and parent company statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 7 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2016 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, 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.

Grant Thornton UK LLP

Lorraine Macphail

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP,

Statutory Auditor, Chartered Accountants

Glasgow

20 November 2016

Consolidated statement of comprehensive income
for the year ended 31 March 2016

	<i>Note</i>	2016 £000	2015 £000
Turnover: group and share of joint ventures		325,466	214,123
Less: share of joint ventures' turnover		(4,141)	(3,620)
Group turnover	3	321,325	210,503
Cost of sales		(296,811)	(194,925)
Gross profit		24,514	15,578
Administrative expenses		(11,216)	(8,257)
Group operating profit/(loss)		13,298	7,321
Share of operating profit in: Joint ventures		(3)	(3)
Total operating profit/(loss)		13,295	7,318
Loan waived		-	1,250
Interest receivable and similar income	4	711	414
Interest payable and similar charges	4	(290)	(277)
Profit on ordinary activities before taxation	5	13,716	8,705
Tax on profit on ordinary activities	7	(2,806)	(1,610)
Profit for the financial year		10,910	7,095
Total comprehensive income for the year		10,910	7,095

The notes on pages 15 to 30 form part of these financial statements and accounting policies.

Consolidated statement of financial position
at 31 March 2016

		31 March 2016		3 April 2015	
	Note	£000	£000	£000	£000
Fixed assets					
Tangible assets	9		6,943		6,536
Investment properties	10		1,928		3,779
Investments					
Investments in joint ventures					
Share of gross assets		1,027		1,107	
Share of gross liabilities		(1,067)		(1,144)	
Loans to joint ventures		52		40	
	11		12		3
			8,883		10,318
Current assets					
Stocks	12	1,645		100	
Debtors due within one year	13	81,828		61,289	
Cash at bank and in hand		71,233		46,792	
		154,706		108,181	
Creditors: amounts falling due within one year	14	(128,055)		(84,182)	
Net current assets			26,651		23,999
Total assets less current liabilities			35,534		34,317
Creditors: amounts falling due after more than one year	15		-		(7,250)
Net assets			35,534		27,067
Capital and reserves					
Called up share capital	17		1		1
Merger reserve			9,679		9,679
Revaluation reserve			49		515
Profit and loss account			25,805		16,872
			35,534		27,067

The notes on pages 15 to 30 form part of these financial statements and accounting policies.

These financial statements of Robertson Construction Group Limited were approved by the board of directors and authorised for issue on 16th November 2016. They were signed on its behalf by:


W G Robertson
Director


S Roberts
Director

Company statement of financial position
at 31 March 2016

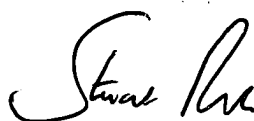
		31 March 2016		3 April 2015	
	Note	£000	£000	£000	£000
Fixed assets					
Tangible assets	9		134		58
Investments	11		52		40
			<u>186</u>		<u>98</u>
Current assets					
Debtors due within one year	13	35,770		21,681	
Cash		19,783		8,073	
		<u>55,553</u>		<u>29,754</u>	
Creditors: amounts falling due within one year	14	<u>(43,241)</u>		<u>(21,677)</u>	
Net current liabilities			<u>12,312</u>		<u>8,077</u>
Net assets			<u>12,498</u>		<u>8,175</u>
Capital and reserves					
Called up share capital	17		1		1
Profit and loss account			12,497		8,174
Shareholder's funds			<u>12,498</u>		<u>8,175</u>

The notes on pages 15 to 30 form part of these financial statements and accounting policies.

These financial statements of Robertson Construction Group Limited were approved by the board of directors and authorised for issue on 16th November 2016. They were signed on its behalf by:



W G Robertson
Director



S Roberts
Director

Consolidated statement of changes in equity

For the year ended 31 March 2016

	Called-up share capital	Revaluation reserve	Merger reserve	Profit and loss account	Total
	£000	£000	£000	£000	£000
At 1 April 2014 (as previously stated)	1	515	9,679	10,801	20,996
Profit for the financial year	-	-	-	7,095	7,095
Interim dividend paid (note 8)	-	-	-	(1,024)	(1,024)
At 3 April 2015	1	515	9,679	16,872	27,067
At 4 April 2015	1	515	9,679	16,872	27,067
Profit for the financial year	-	-	-	10,910	10,910
Released in year	-	(466)	-	-	(466)
Dividend paid (note 8)	-	-	-	(1,977)	(1,977)
At 31 March 2016	1	49	9,679	25,805	35,534

Company statement of changes in equity

For the year ended 31 March 2016

	Called-up share capital	Profit and loss account	Total
	£000	£000	£000
At 1 April 2014 (as previously stated)	1	5,808	5,809
Profit for the financial year	-	3,390	3,390
Interim dividend paid (note 8)	-	(1,024)	(1,024)
At 3 April 2015	1	8,174	8,175
At 4 April 2015	1	8,174	8,175
Profit for the financial year	-	6,300	6,300
Dividend paid (note 8)	-	(1,977)	(1,977)
At 31 March 2016	1	12,497	12,498

Consolidated statement of cash flows
for the year ended 31 March 2016

	Year ended 31 March 2016 £000	Year ended 3 April 2015 £000
Cash inflow from operating activities		
Operating profit	13,298	8,571
Depreciation of tangible assets	351	241
Taxation	(2,806)	(1,610)
(Increase)/decrease in stocks	(216)	468
Increase in debtors	(20,539)	(8,561)
Increase in creditors	36,148	7,541
Net cash inflow from operating activities	26,236	6,650
Cash flow from investing activities		
Interest received	711	414
Purchase of tangible fixed assets	(763)	(152)
Purchase of investment property	(42)	(212)
Proceeds from disposals of tangible assets	6	-
Proceeds from disposals of investment property	98	180
Loan to joint venture	(12)	-
Net cash flow from investing activities	(2)	230
Cash flow from financing activities		
Interest paid	(290)	(277)
Dividends paid	(1,977)	(1,024)
Net cash flow from financing activities	(2,267)	(1,301)
Net increase in cash at bank and in hand	23,967	5,579
Cash and cash equivalents at 4 April 2015	41,172	35,593
Cash and cash equivalents at 31 March 2016	65,139	41,172
Cash and cash equivalents consist of:		
Cash at bank and in hand	71,233	46,792
Debt due within one year	(6,094)	(5,620)
Cash and cash equivalents	65,139	41,172

Notes

1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

General information and basis of preparation

Robertson Construction Group Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act. The address of the registered office, which is based in Scotland, is given on page 1. The nature of the group's operations and its principal activities are set out in the strategic report on pages 2 to 5.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland. Information on the impact of first time adoption of FRS 102 is given in note 22.

The Group has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29.
- the requirements of Section 33 Key Management Personnel Compensation paragraph 33.7.

The Group intends to present its next set of financial statements with the same disclosure exemptions adopted.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 2).

The functional currency of Robertson Construction Group Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the group operates. The consolidated financial statements are also presented in pounds sterling.

Robertson Construction Group Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to presentation of a cash flow statement.

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 March 2016. Intercompany transactions and balances between group companies are therefore eliminated in full.

The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated statement of comprehensive income from the date of acquisition or up to the date of disposal.

An associate is an undertaking in which the group has a long term interest, usually from 20% to 50% of the equity voting rights, and over which it exercises significant influence. A joint venture is an undertaking in which the group has a long-term interest and over which it exercises joint control. The group's share of the profits less losses of associates and of joint ventures is included in the consolidated statement of comprehensive income and its interest in their net assets, is included in investments in the consolidated statement of financial position.

Under section 408 of the Companies Act 2006 the company is exempt from the requirement to present its own statement of comprehensive income.

Going concern

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report.

The directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Notes (continued)

The group's financing arrangements form part of the financing arrangements of its ultimate parent Robertson Group (Holdings) Limited and its subsidiaries.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value of each asset on a straight-line basis over its expected useful life, as follows:

Freehold buildings	-	50 years
Plant and machinery	-	3 to 10 years
Fixtures, fittings and equipment	-	4 to 5 years
Motor vehicles	-	5 to 10 years

No depreciation is provided on freehold land.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Investment properties

Investment properties for which fair value can be measured reliably without undue cost or effort on an ongoing basis are measured at fair value annually with any change recognised in the statement of comprehensive income.

Development expenditure

Pre-contract costs are expensed as incurred until the group is appointed as sole preferred bidder. Provided the contract is expected to generate sufficient net cash inflows to enable recovery and the award of contract is virtually certain, pre-contract costs incurred subsequent to appointment as preferred bidder are included in debtors.

Where pre-contract bid costs that have been recognised as an asset are reimbursed at financial close both the income and the asset are released to the statement of comprehensive income.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. In determining the cost of raw materials and consumables the first in first out method is used. For work in progress and finished goods cost is taken as production cost which comprises materials, direct labour and attributable production overheads according to the stage of completion.

Property developments in the course of construction are carried at cost as part of work in progress until such time as the property is complete. Interest incurred on project specific borrowings is capitalised within the cost of the appropriate project.

Development land stock is stated at the lower of cost and net realisable value. Cost comprises the purchase price of the land together with all attributable expenditure incurred in making ready the site for development and ultimate resale.

Long term contracts

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Contract work in progress is stated at costs incurred, less those transferred to the statement of comprehensive income, after deducting foreseeable losses and payments on account not matched with turnover.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

Leases

Rental under operating lease rentals are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

Notes (continued)

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.

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.

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.

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.

Debtors

Short term debtors are measured at transaction price, less any impairment.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Creditors

Short term creditors are measured at the transaction price.

Contingent Liabilities

Contingent liabilities, arising as a result of past events, are not recognised when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the group's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Financial Instruments

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Notes (continued)

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an 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.

Pensions

The group contributes to company personal pension plans for employees who also undertake to contribute, the costs of which are charged to the statement of comprehensive income as they become payable. The amount charged to the statement of comprehensive income represents the contributions payable to the scheme in respect of the accounting year. Differences between contributions payable in the year and contributions actually paid are shown as accruals in the statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

Revenue Recognition

Turnover represents amounts receivable for the sale of goods and services and work done in the case of long term contracts.

Turnover is stated net of VAT and is recognised to the extent that economic benefits will flow to the company and the turnover can be reliably measured. Turnover from the supply of services represents the value of services provided under contract. Where payments are received from customers in advance, the amounts are recorded as deferred income and included as part of creditors due within one year.

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the state of completion of the contract activity at the statement of financial position date. This is normally measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of completion. Variations in contract works, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Notes (continued)

2 Significant judgements and estimates

In the application of the company's accounting policies, as described in Note 1, the directors and management are required to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the year end date, and the amounts reported for revenues and expenses during the year.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, and in future periods should it affect future periods.

The ordinary judgements and estimates are those as detailed in Note 1.

Management consider that the following have the most significant effect on the amounts recognised in the financial statements.

- Financial outcome of individual construction contracts – regular assessments are made by appropriately qualified employees throughout the contract life.
- Valuation of investment properties – as referred to in Note 10 property values are reviewed annually and are subject to fair value assessments by appropriately qualified employees.

3 Turnover

The total turnover of the group for the year has been derived from the group's principal activities wholly undertaken in the UK. No segmental analysis of turnover is provided as in the opinion of the directors this information is commercially sensitive.

4 Finance costs

	Year ended 31 2016 £000	Year ended 3 April 2015 £000
Interest receivable and similar income:		
Interest receivable from related parties	711	414
	<u>711</u>	<u>414</u>
Interest payable and similar charges		
Interest payable on bank loans and overdrafts	290	277
	<u>290</u>	<u>277</u>

Notes *(continued)*

5 Profit on ordinary activities before taxation

	Year ended 31 March 2016 £000	Year ended 3 April 2015 £000
<i>Profit/(loss) on ordinary activities before taxation is stated after charging:</i>		
Depreciation of tangible assets	351	241
Operating lease rentals		
- land and buildings	291	226
- other assets	377	350
<i>Auditor's remuneration</i>		
Audit of these financial statements	20	5
Amounts receivable by auditors and their associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	37	36
Other services relating to taxation & other services	15	10

None of the directors received any emoluments from the company or group. They are all directors either of the parent company, Robertson Group Limited or Robertson Group (Holdings) Limited, or both, and their emoluments are disclosed in those financial statements. Key management personnel are considered to be the directors of the ultimate holding company, Robertson Group Holdings Ltd.

Notes (continued)

6 Staff numbers and costs

The average number of persons employed (including directors) during the year, analysed by category, was as follows:

	Year ended 31 March 2016 Number	Year ended 3 April 2015 Number
Construction	553	376
Property development	4	4
Administration	90	69
	647	449

The aggregate payroll costs to these persons were as follows:

	£000	£000
Wages and salaries	29,001	21,033
Social security costs	3,240	2,348
Other pension costs	1,625	709
	33,866	24,090

7 Tax on profit on ordinary activities

	Year ended 31 March 2016 £000	Year ended 3 April 2015 £000
Analysis of charge in the year		
<i>UK corporation tax</i>		
Current tax on income for the year	2,640	1,436
Adjustment in respect of prior years	108	150
	2,748	1,586
<i>Deferred tax (see note 16)</i>		
Rate change	5	-
Origination/reversal of timing differences	53	24
	2,806	1,610

Notes (continued)

7 Tax on profit on ordinary activities (continued)

Factors affecting the tax charge for the current year

The current tax charge for the year is higher (2015: lower) than the standard rate of corporation tax in the UK of 20% (2015: 21%). The differences are explained below.

	Year ended 31 March 2016 £000	Year ended 3 April 2015 £000
<i>Current tax reconciliation</i>		
Profit/(loss) on ordinary activities before tax	13,716	8,704
Current tax at 20% (2015: 21%)	2,742	1,562
<i>Effects of:</i>		
Non-deductible expenses	12	14
Fixed asset differences	31	24
Chargeable gains	47	(298)
Non-taxable income	-	298
Subsidiary company losses carried forward	-	(140)
Deferred tax change in rates	(27)	-
Deferred tax not recognised	1	-
Adjustments to tax charge in respect of prior years	-	150
Total current tax charge (see above)	2,806	1,610

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly and reduce the deferred tax liability at 31 March 2013 (which has been calculated based on the rate of 23% substantively enacted at the statement of financial position date) accordingly.

There is no deferred tax recognised in relation to the exceptional items in the preceding years.

8 Dividends on equity shares

	2016 £000	2015 £000
Interim dividend paid	1,977	1,024

Notes (continued)

9 Tangible fixed assets

Group	Freehold land and buildings £000	Plant and machinery £000	Fixtures, fittings and equipment £000	Motor vehicles £000	Total £000
Cost					
At beginning of year	7,910	1,161	413	439	9,923
Additions	120	411	76	156	763
Disposals	-	(10)	-	-	(10)
At end of year	8,030	1,562	489	595	10,676
Depreciation					
At beginning of year	1,600	948	400	439	3,387
Charge for the year	163	147	16	24	350
Disposals	-	(4)	-	-	(4)
At end of year	1,763	1,091	416	463	3,733
Net book value					
At 31 March 2016	6,267	471	73	132	6,943
At 3 April 2015	6,310	214	13	-	6,536

Company	Plant and machinery £000	Total £000
Cost		
At beginning of year	89	89
Additions	116	116
Disposals	(7)	(7)
At end of year	198	198
Depreciation		
At beginning of year	31	31
Disposals	(2)	(2)
Charge for the year	35	35
At end of year	64	64
Net book value		
At 31 March 2016	134	134
At 3 April 2015	59	59

Notes (continued)

10 Investment properties

	Group £000
<i>Cost or valuation</i>	
At beginning of year	3,779
Additions	42
Disposals	(98)
Transfer from investment properties to stock	(1,795)
At end of year	1,928
<i>Historical cost of investment properties</i>	
At 31 March 2016	2,109
At 3 April 2015	3,438

Investment properties, which are all freehold, were revalued to fair value at 30 March 2011 based on a valuation undertaken by Rydens (members of The Royal Institute of Chartered Surveyors), an independent valuer with experience in the location and class of the investment property being valued, on the basis of open market value based on the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors. The directors consider the values to be appropriate at 31 March 2016.

Notes (continued)

11 Fixed asset investments

Group	Interests in joint ventures	Total
	£000	£000
Loans		
At beginning of year	40	40
Additions	12	12
At end of year	52	52
Shares of post-acquisition reserves		
At beginning of year	(37)	(37)
Additions	(3)	(3)
Adjustment in respect of prior year		
Eliminated on disposal		
At end of year	(40)	(40)
Net book value		
At 31 March 2016	12	12
At 3 April 2015	3	3

Associates and joint ventures

The total of the group's profit after taxation from interests in associates and joint ventures was a loss of £3,000 (2015: loss of £4,000).

Notes (continued)

11 Fixed asset investments (continued)

Company

	Loans to joint ventures £000	Total £000
<i>Cost and net book value</i>		
At beginning of year	40	40
Additions	12	12
At end of year	52	52

The principal undertakings in which the group holds more than 20% of the share capital are as follows:

	Country of registration or incorporation	Class	Shares held %	Principal activity
Subsidiary undertakings				
Robertson Construction Central Limited	Scotland	Ordinary	100	Construction
Robertson Construction Eastern Limited	Scotland	Ordinary	100	Construction
Robertson CE Limited	Scotland	Ordinary	100	Construction
Robertson Construction Northern Limited	Scotland	Ordinary	100	Construction
Robertson Construction Tayside Limited	Scotland	Ordinary	100	Construction
Robertson Construction Highland Limited	Scotland	Ordinary	100	Construction
Robertson Construction Lothians Limited	Scotland	Ordinary	100	Construction
Robertson Property Limited	Scotland	A and B Ordinary	100	Property development
Joint ventures				
Robertson-Dawn Health Limited	Scotland	Ordinary	50	Construction

12 Stocks

	Group	
	2016 £000	2015 £000
Development land	1,645	100
	1,645	100

Notes (continued)

13 Debtors

	Company		Group	
	2016	2015	2016	2015
	£000	£000	£000	£000
<i>Amounts falling due within one year:</i>				
Trade debtors	4,872	1,747	32,487	25,063
Amounts recoverable on contracts	3,313	1,166	23,881	12,717
Amounts owed by group undertakings	18,224	11,027	904	67
Amounts owed by ultimate parent undertaking	-	-	11,808	11,808
Amounts owed by related parties	9,189	7,718	11,834	10,786
Deferred tax (note 16)	-	-	-	53
Other debtors	77	-	228	64
Prepayments and accrued income	23	23	570	401
Group relief receivable	-	-	-	108
Other tax and social security	72	-	116	222
	<u>35,770</u>	<u>21,681</u>	<u>81,828</u>	<u>61,289</u>
<i>Amounts falling due after more than one year:</i>				
Amounts recoverable on contracts	971	231	3,612	2,570
	<u>971</u>	<u>231</u>	<u>3,612</u>	<u>2,570</u>

14 Creditors: amounts falling due within one year

	Company		Group	
	2016	2015	2016	2015
	£000	£000	£000	£000
Bank loans and overdrafts (note 15)	-	-	6,094	5,619
Payments received on account	5,767	533	22,339	2,934
Trade creditors	6,312	4,622	27,116	20,914
Amounts owed to group undertakings	14,713	1,536	15,824	7,596
Amounts owed to related parties	-	4,995	4	6,073
Corporation tax	476	75	2,644	1,535
Other taxes and social security	36	491	4,930	4,376
Other creditors	29	1	210	175
Group relief payable to related parties	-	150	111	166
Deferred tax (note 16)	12	-	5	-
Accruals and deferred income	15,896	9,274	48,778	34,794
	<u>43,241</u>	<u>21,677</u>	<u>128,055</u>	<u>84,182</u>

The group's bank facilities are secured by way of standard securities over its property assets. The banks also hold floating charges in respect of certain other assets and project contracts of the group and company and an unlimited inter-company composite guarantee between companies within the group.

Notes (continued)

15 Creditors: amounts falling due after more than one year

	Group	
	2016 £000	2015 £000
Amounts owed to group undertakings	-	7,250
	<u>-</u>	<u>7,250</u>
	<u>-</u>	<u>7,250</u>

	Group	
	2016 £000	2015 £000
Analysis of debt:		
Debt can be analysed as falling due:		
In one year or less, or on demand	6,094	5,619
	<u>6,094</u>	<u>5,619</u>
	<u>6,094</u>	<u>5,619</u>

The group's bank facilities are secured by way of standard securities over its property assets. The banks also hold floating charges in respect of certain other assets and project contracts of the group and company and an unlimited inter-company composite guarantee between companies within the group.

16 Deferred tax

	Accelerated capital allowances £000	Other timing differences £000	Total £000
Deferred taxation asset			
Group			
At beginning of year	45	8	53
Charge to the profit and loss account for the year	(53)	(5)	(58)
	<u>(8)</u>	<u>3</u>	<u>(5)</u>
At end of year	<u>(8)</u>	<u>3</u>	<u>(5)</u>

17 Called up share capital

	2016 £000	2015 £000
Group and company		
<i>Authorised</i>		
10,000 (2015: 10,000) Ordinary shares of £1 each	10	10
	<u>10</u>	<u>10</u>
<i>Allotted, called up and fully paid</i>		
1,024 (2015: 1,024) Ordinary shares of £1 each	1	1
	<u>1</u>	<u>1</u>

The company has one class of ordinary share which carry no right to fixed income.

The statement of comprehensive income represents cumulative profits and losses, net of dividends and other adjustments, merger reserve and revaluation reserve.

Notes (continued)

17 Called Up Share Capital (continued)

The revaluation reserve represents the cumulative effect of revaluations of freehold land and buildings which are revalued to fair value at each reporting date.

The merger reserve represents the sum of retained profit of subsidiaries transferred from Robertson Group Limited to Robertson Construction Group Limited in 2010 following a group restructure.

18 Contingent liabilities, contractual disputes and guarantees

At the year end there were contingent liabilities in respect of guarantees and claims under contracts entered into in the normal course of business. Further, included within trade debtors and amounts recoverable on long term contracts are certain amounts which are the subject of on-going disputes with customers. The directors are of the opinion that adequate provision has been made in respect of on-going claims and disputes at the year end.

The group has given a guarantee to its bankers in respect of its borrowings.

19 Commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

Group	Land and buildings		Other	
	2016 £000	2015 £000	2016 £000	2015 £000
Operating leases which expire:				
Within one year	164	164	377	381
Between two and five years	655	596	587	460
In five years or more	155	267	-	-
	<u>974</u>	<u>1,027</u>	<u>964</u>	<u>841</u>

20 Pension costs

The group operates a defined contribution pension scheme in respect of all eligible employees. The schemes and their assets are held by independent fund managers.

	2016 £000	2015 £000
Contributions payable by the group for the year	<u>1,625</u>	<u>709</u>

Notes (continued)

21 Related party transactions

Related party transactions with 100% owned group undertakings are excluded from the consolidated financial statements are therefore exempt from disclosure in the financial statements under the provisions of FRS 102.

During the year the group made sales to its joint venture and associate companies and at the year end balances were due from these companies as follows:

	Turnover £000	Year end Balance £000
Joint venture and related party companies :		
- contracting and project management revenue	77,722	9,789
- facilities management services	-	-
- Interest on loans	-	-
- contracting revenue procured through a framework agreement	6,164	2,045
	83,886	11,834

22 Transition to FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.

Within one of the Group's subsidiaries, Robertson Property Limited, there was a reclassification of investment properties to stock. Investment properties with a value of £1,795,000 were transferred to stock, and as part of the transaction £466,000 was released from the subsidiary's revaluation reserve.

23 Parent company and ultimate controlling party

The company is a subsidiary undertaking of Robertson Group Limited. The ultimate parent company is Robertson Group (Holdings) Limited, incorporated in Scotland and controlled by W G Robertson.

The largest group in which the results of the company are consolidated is that headed by Robertson Group (Holdings) Limited. The consolidated accounts of that company are available to the public and may be obtained from Robertson Group (Holdings) Limited, 10 Perimeter Road, Elgin, IV30 6AE.