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Robertson Construction Group Limited

Annual report and financial statements

Registered number SC347921

31 March 2017



Contents

Company information	1
Strategic Report	2-4
Directors' Report	5-6
Directors' Responsibilities Statement	7
Independent auditor's report to the members of Robertson Construction Group Limited	8-9
Consolidated statement of comprehensive income	10
Consolidated statement of financial position	11
Company statement of financial position	12
Consolidated statement of changes in equity	13
Company statement of changes in equity	14
Consolidated statement of cash flows	15
Notes to the financial statements	16-31

Company information

Directors	W G Robertson S Roberts D W 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	Shepherd and Wedderburn 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	2017	2016
Manufacturing, Industrial, Retail, Commercial	41%	39%
Education	27%	18%
Housing / Residential Care	23%	19%
Public Sector (excl health, education & housing)	1%	15%
Health	8%	9%

Business Highlights

The financial period shows another year of significant growth in trading performance.

This underlines the success of implementing various change initiatives through a new 5 year strategic plan, the primary objective of which was to focus on improving gross margin delivery, which now sits at 7.7%.

Turnover for the period to 31 March 2017 increased by 27%, gross profit increased to £31.3m (2016: £24.5m) and profit before tax of £18.1m was up 33% on 2016.

During the year the Group commenced its largest project to date with a site start at the new Aberdeen Exhibition and Conference Centre for Henry Boot Developments. At £250m, this is the largest project undertaken by the Group and is due for completion in 2019.

The Group's balance sheet was strengthened in the year, with net cash balances increasing by £21.8m and net assets increasing from £35.5m to £41.0m after the payment of a £9m (2016: £2.0m) dividend to its shareholder.

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

		2017	2016	Measure
Profit before tax	£000	18,068	13,716	
Gross Margin	%	7.6	7.6	Gross profit/turnover
Overhead recovery	%	3.4	3.5	Admin expenditure/turnover
Cashflow	£000	21,810	23,967	Net funds movement
Number of employees (avg)	Number	750	647	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 £11k (2016: £nil).

Strategic report (continued)

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



S Roberts
Director
19 September 2017

10 Perimeter Road
Pinefield Industrial Estate
Elgin, IV30 6AE

Directors' report

The directors present their audited financial statements for the year ended 31 March 2017.

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 £8.992m (2016:£1.977m), 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.

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

S Roberts

Director

19 September 2017

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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence take reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



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 2017 which comprise the consolidated statement of comprehensive income, the consolidated and parent company statement of financial position, the consolidated and parent company statement of changes in equity, the consolidated statement of cash flows 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 2017 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 matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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.



Andrew Howie
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Glasgow

20 September 2017

Consolidated statement of comprehensive income
for the year ended 31 March 2017

	<i>Note</i>	2017 £000	2016 £000
Turnover: group and share of joint ventures		414,513	325,466
Less: share of joint ventures' turnover		(5,617)	(4,141)
Group turnover	3	408,896	321,325
Cost of sales		(377,576)	(296,811)
Gross profit		31,320	24,514
Administrative expenses		(13,741)	(11,216)
Group operating profit		17,579	13,298
Share of operating profit in: Joint ventures		1	(3)
Total operating profit		17,580	13,295
Interest receivable and similar income	4	995	711
Interest payable and similar charges	4	(507)	(290)
Profit on ordinary activities before taxation	5	18,068	13,716
Tax on profit on ordinary activities	7	(3,661)	(2,806)
Profit for the financial year		14,407	10,910
Total comprehensive income for the year		14,407	10,910

The notes on pages 16 to 31 form part of these financial statements and accounting policies.

Consolidated statement of financial position
at 31 March 2017

		31 March 2017		31 March 2016	
	Note	£000	£000	£000	£000
Fixed assets					
Tangible assets	9		7,047		6,943
Investment properties	10		1,982		1,928
Investments					
Investments in joint ventures					
Share of gross assets		845		1,027	
Share of gross liabilities		(885)		(1,067)	
Loans to joint ventures		52		52	
	11		12		12
			9,041		8,883
Current assets					
Stocks	12	1,844		1,645	
Debtors due within one year	13	84,767		81,828	
Cash at bank and in hand		93,668		71,233	
		180,279		154,706	
Creditors: amounts falling due within one year	14	(148,193)		(128,055)	
Net current assets			32,086		26,651
Total assets less current liabilities			41,127		35,534
Creditors: amounts falling due after more than one year	15		(178)		-
Net assets			40,949		35,534
Capital and reserves					
Called up share capital	17		1		1
Merger reserve			9,679		9,679
Revaluation reserve			49		49
Profit and loss account			31,220		25,805
			40,949		35,534

The notes on pages 16 to 31 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 19 September 2017. They were signed on its behalf by:



W G Robertson
Director



S Roberts
Director

Company statement of financial position
at 31 March 2017

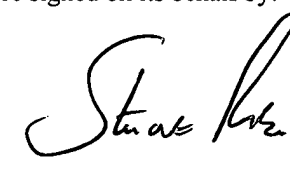
	<i>Note</i>	31 March 2017 £000	31 March 2016 £000
Fixed assets			
Tangible assets	9	408	134
Investments	11	52	52
		460	186
Current assets			
Debtors due within one year	13	63,039	35,770
Cash		13,437	19,783
		76,476	55,553
Creditors: amounts falling due within one year	14	(61,365)	(43,241)
Net current assets		15,111	12,312
Total assets less current liabilities		15,571	12,498
Creditors: amounts falling due after more than one year	15	(178)	-
Net assets		15,393	12,498
Capital and reserves			
Called up share capital	17	1	1
Profit and loss account		15,392	12,497
Shareholder's funds		15,393	12,498

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The profit after tax of the parent company for the year was £11,887,000 (2016 - £6,300,000).

The notes on pages 16 to 31 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 19 September 2017. 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 2017

	Called-up share capital	Revaluation reserve	Merger reserve	Profit and loss account	Total
	£000	£000	£000	£000	£000
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
At 1 April 2016	1	49	9,679	25,805	35,534
Profit for the financial year	-	-	-	14,407	14,407
Dividend paid (note 8)	-	-	-	(8,992)	(8,992)
At 31 March 2017	1	49	9,679	31,220	40,949

The notes on pages 16 to 31 form part of these financial statements and accounting policies.

Company statement of changes in equity

For the year ended 31 March 2017

	Called-up share capital	Profit and loss account	Total
	£000	£000	£000
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
At 1 April 2016	1	12,497	12,498
Profit for the financial year	-	11,887	11,887
Dividend paid (note 8)	-	(8,992)	(8,992)
At 31 March 2017	1	15,392	15,393

The notes on pages 16 to 31 form part of these financial statements and accounting policies.

Consolidated statement of cash flows
for the year ended 31 March 2017

	Year ended 31 March 2017 £000	Year ended 31 March 2016 £000
Cash inflow from operating activities		
Operating profit	17,580	13,295
Depreciation of tangible assets	550	351
Taxation	(2,751)	(2,806)
(Increase)/decrease in stocks	(199)	(216)
Increase in debtors	(2,939)	(20,536)
Increase in creditors	18,781	36,148
Net cash inflow from operating activities	31,022	26,236
Cash flow from investing activities		
Interest received	995	711
Purchase of tangible fixed assets	(654)	(763)
Purchase of investment property	(54)	(42)
Proceeds from disposals of tangible assets	-	6
Proceeds from disposals of investment property	-	98
Loan to joint venture	-	(12)
Net cash flow from investing activities	287	(2)
Cash flow from financing activities		
Interest paid	(507)	(290)
Dividends paid	(8,992)	(1,977)
Net cash flow from financing activities	(9,499)	(1,556)
Net increase in cash at bank and in hand	21,810	23,967
Cash and cash equivalents at 31 March 2016	65,139	41,172
Cash and cash equivalents at 31 March 2017	86,949	65,139
Cash and cash equivalents consist of:		
Cash at bank and in hand	93,668	71,233
Debt due within one year	(6,719)	(6,094)
Cash and cash equivalents	86,949	65,139

The notes on pages 16 to 31 form part of these financial statements and accounting policies.

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 4.

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.

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 2017. 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 directors have a reasonable expectation that the Company has 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.

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 March 2017 £000	Year ended 31 March 2016 £000
Interest receivable and similar income:		
Interest receivable from related parties	95	711
	<u>95</u>	<u>711</u>
Interest payable and similar charges		
Interest payable on bank loans and overdrafts	491	290
Interest payable on finance lease	16	-
	<u>507</u>	<u>290</u>

Notes *(continued)*

5 Profit on ordinary activities before taxation

	Year ended 31 March 2017 £000	Year ended 31 March 2016 £000
<i>Profit/(loss) on ordinary activities before taxation is stated after charging:</i>		
Depreciation of tangible assets	550	351
Operating lease rentals		
- land and buildings	337	291
- other assets	522	377
<i>Auditor's remuneration</i>		
Audit of these financial statements	25	20
Amounts receivable by auditors and their associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	43	37
Other services relating to taxation & other services	15	15

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 2017 Number	Year ended 31 March 2016 Number
Construction	659	553
Property development	4	4
Administration	87	90
	750	647

The aggregate payroll costs to these persons were as follows:

	£000	£000
Wages and salaries	37,787	29,001
Social security costs	4,181	3,240
Other pension costs	2,407	1,625
	44,375	33,866

7 Tax on profit on ordinary activities

	Year ended 31 March 2017 £000	Year ended 31 March 2016 £000
Analysis of charge in the year		
<i>UK corporation tax</i>		
Current tax on income for the year	2,414	2,640
Adjustment in respect of prior years	(45)	-
	2,369	2,640
<i>Group Relief</i>		
Current tax on income for the year	1,212	108
Adjustment in respect of prior years	45	-
	1,257	108
Total current tax charge	3,626	2,748
<i>Deferred tax (see note 16)</i>		
Rate change	(2)	5
Origination/reversal of timing differences	-	53
Prior year adjustment	37	-
	3,661	2,806

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 (2016: higher) than the standard rate of corporation tax in the UK of 20% (2016: 20%). The differences are explained below.

	Year ended 31 March 2017 £000	Year ended 31 March 2016 £000
<i>Current tax reconciliation</i>		
Profit/(loss) on ordinary activities before tax	18,068	13,716
Current tax at 20% (2016: 20%)	3,614	2,742
<i>Effects of:</i>		
Non-deductible expenses	10	12
Fixed asset differences	6	31
Chargeable gains	-	47
Non-taxable income	-	-
Deferred tax change in rates	(3)	(27)
Deferred tax not recognised	(3)	1
Adjustments to tax charge in respect of prior years	37	-
Total tax charge (see above)	3,661	2,806

The UK Corporation tax rate of 20% took effect from 1 April 2015.

Finance Act 2016, which was enacted in September 2016 provides that the main UK rate of corporation tax for the financial year commencing 1st April 2020 will be 17%. Consequently, UK deferred tax has been provided at a rate of 17%, being the rate at which the majority of timing differences are expected to unwind.

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

8 Dividends on equity shares

	2017 £000	2016 £000
Interim dividend paid	8,992	1,977

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	8,030	1,562	489	595	10,676
Additions	-	541	23	90	654
At end of year	8,030	2,103	512	685	11,330
Depreciation					
At beginning of year	1,763	1,091	416	463	3,733
Charge for the year	181	298	22	49	550
At end of year	1,944	1,389	438	512	4,283
Net book value					
At 31 March 2017	6,086	714	74	173	7,047
At 31 March 2016	6,267	471	73	132	6,943

Company	Motor Vehicles £000	Plant and machinery £000	Total £000
Cost			
At beginning of year	-	198	198
Additions	14	411	425
At end of year	14	609	623
Depreciation			
At beginning of year	-	64	64
Charge for the year	1	150	151
At end of year	1	214	215
Net book value			
At 31 March 2017	13	395	408
At 31 March 2016	-	134	134

Notes (continued)

10 Investment properties

	Group £000
<i>Cost or valuation</i>	
At beginning of year	1,928
Additions	54
At end of year	1,982
<i>Historical cost of investment properties</i>	
At 31 March 2017	1,729
At 31 March 2016	2,109

Investment properties, which are all freehold, were revalued to fair value at 31 March 2017 based on a valuation undertaken by Ryden LLP (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 2017.

Notes (continued)

11 Fixed asset investments

Group	Interests in joint ventures £000	Total £000
Loans		
At beginning of year	52	52
Additions	-	-
At end of year	52	52
Shares of post-acquisition reserves		
At beginning of year	(40)	(40)
Additions	-	-
Adjustment in respect of prior year	-	-
Eliminated on disposal	-	-
At end of year	(40)	(40)
Net book value		
At 31 March 2017	12	12
At 31 March 2016	12	12

Associates and joint ventures

The total of the group's profit after taxation from interests in associates and joint ventures was a profit of £1,000 (2016: loss of £3,000).

Notes (continued)

11 Fixed asset investments (continued)

Company

	Loans to joint ventures £000	Total £000
<i>Cost and net book value</i>		
At beginning and 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 Central Scotland 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	
	2017 £000	2016 £000
Development land	1,844	1,645
	<u>1,844</u>	<u>1,645</u>

Notes (continued)

13 Debtors

	Company		Group	
	2017	2016	2017	2016
	£000	£000	£000	£000
<i>Amounts falling due within one year:</i>				
Trade debtors	16,141	4,872	47,809	32,487
Amounts recoverable on contracts	5,811	3,313	19,492	23,881
Amounts owed by group undertakings	29,280	18,224	1,601	904
Amounts owed by ultimate parent undertaking	-	-	-	11,808
Amounts owed by related parties	11,641	9,189	15,066	11,834
Other debtors	70	77	327	228
Prepayments and accrued income	96	23	280	570
Other tax and social security	-	72	192	116
	<u>63,039</u>	<u>35,770</u>	<u>84,767</u>	<u>81,828</u>
<i>Amounts falling due after more than one year:</i>				
Amounts recoverable on contracts	4,154	971	6,952	3,612
	<u>4,154</u>	<u>971</u>	<u>6,952</u>	<u>3,612</u>

14 Creditors: amounts falling due within one year

	Company		Group	
	2017	2016	2017	2016
	£000	£000	£000	£000
Bank loans and overdrafts (note 15)	-	-	6,719	6,094
Payments received on account	13,712	5,767	24,840	22,339
Trade creditors	12,300	6,312	33,341	27,116
Amounts owed to group undertakings	5,322	14,713	4,254	15,824
Amounts owed to related parties	-	-	-	4
Corporation tax	135	476	2,418	2,644
Other taxes and social security	2,436	36	7,594	4,930
Other creditors	8	29	560	210
Group relief payable to related parties	1,445	-	1,212	111
Deferred tax (note 16)	28	12	40	5
Accruals and deferred income	25,979	15,896	67,215	48,778
	<u>61,365</u>	<u>43,241</u>	<u>148,193</u>	<u>128,055</u>

Notes (continued)

15 Creditors: amounts falling due after more than one year

	Group & Company	
	2017 £000	2016 £000
Net obligations under finance lease and HP contracts	178	-
	<u>178</u>	<u>-</u>
	<u><u>178</u></u>	<u><u>-</u></u>
	Group	
	2017 £000	2016 £000
Analysis of debt:		
Debt can be analysed as falling due:		
In one year or less, or on demand	6,719	6,094
	<u>6,719</u>	<u>6,094</u>
	<u><u>6,719</u></u>	<u><u>6,094</u></u>

16 Deferred tax

Deferred taxation liability	Accelerated capital allowances	Other timing differences	Total
Group	£000	£000	£000
At beginning of year	8	(3)	5
Charge to the profit and loss account for the year	-	35	35
	<u>8</u>	<u>32</u>	<u>40</u>
At end of year	<u><u>8</u></u>	<u><u>32</u></u>	<u><u>40</u></u>

17 Called up share capital

Group and company	2017 £000	2016 £000
<i>Authorised</i>		
10,000 (2016: 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 (2016: 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.

19 Commitments

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

Group	Land and buildings		Other	
	2017 £000	2016 £000	2017 £000	2016 £000
Operating leases which expire:				
Within one year	266	164	571	377
Between two and five years	246	655	704	587
In five years or more	-	155	-	-
	<u>512</u>	<u>974</u>	<u>1,275</u>	<u>964</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.

	2017 £000	2016 £000
Contributions payable by the group for the year	<u>2,407</u>	<u>1,625</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	81,848	13,277
- contracting revenue procured through a framework agreement	10,866	1,789
	92,714	15,066

22 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.