Robertson Construction Group Limited

Annual report and financial statements
Registered number SC347921
31 March 2019

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Company information

Directors	W G Robertson S Roberts D W Shewan E C Robertson (appointed 1 May 2018) I Wilson (appointed 1 May 2019)
Secretary	I Wilson
Registered office	10 Perimeter Road Elgin Moray IV30 6AE
Auditor	Grant Thornton UK LLP Statutory Auditor Chartered Accountants 110 Queen Street Glasgow G1 3BX
Bankers	Santander UK plc 1st 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 Limited ("the 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.

Business Highlights

The Group delivered a record trading performance where its turnover for the period to 31 March 2019 increased by 10%, gross profit increased to £43.5m (2018: £41.1m) and profit before tax of £32.2m was up 18% on 2018. To a large extent the success of this is due to our clearly defined regional business model and a continued focus on project selection and the local supply chain. The regional model plus the Major Projects division addresses the volume pressures within the Group, which is enhanced by the numerous frameworks that have been secured.

Our Major Projects Division is now completing the construction of The Events Complex Aberdeen (TECA), with our client, Henry Boot Developments. We have also completed the new state of the art Balfour Hospital in Orkney and we are also well through a project with Boeing to provide new hangar facilities in Lossiemouth.

The Group's balance sheet was strengthened in the year, with net cash balances increasing by £11.5m and net assets increasing from £42.4m to £48.7m after the payment of a £19.8m (2018: £20.9m) dividend to its shareholder.

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

1) Business Development

The Group continues to develop and strengthen its business development function focusing on using the knowledge of the market to target specific market sectors and key clients within those sectors. Through this process we also identify opportunities where there is scope to use our broad range of products and services. We can provide innovative delivery solutions, therefore, improving value for money delivery for clients and enhancing sustainable returns for the Group. The function also actively looks to identify opportunities to expand our product and service offering where this leads to delivery of higher margin returns.

2) Finance

The Group strategy includes having appropriate banking and bonding facilities to meet both short term working capital requirements as well as longer term investment projects. Our financial strategy is to "create value" for shareholders and to support the long term sustainability of the Group. We are continually working with our financial stakeholders to ensure we have the optimal capital base to facilitate our growth aspirations. Our strategy is to grow predictable and sustainable income streams and have balance sheet growth underpinned by attractive and long term assets.

3) 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 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.

Reflecting on poor outcomes of some of the major players in our sector in the last two years, our on-going assessment of risk requires us to continually assess both costs and risks thoroughly at bid stage and to diligently control and follow that assessment through to the end of the project, whilst having a sensible, measured view on volume growth.

4) 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 strive to provide the correct remuneration packages to attract, motivate and retain employees and lastly build a resource pipeline to ensure we have the "right people" with the "right skills" at the "right time".

The above strategic focus must always be underpinned by our key strategic principles which are innovation, community, productivity and sustainability.

Strategic report (continued)

Principal risks and uncertainties affecting the business

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

- Funding risk. Whilst the Group has seen positive cashflows in recent years and has a healthy cash balance, we have access to the banking facilities of the wider Robertson Group. In negotiating these banking facilities, forecasts for the next three years were reviewed. These were based on base case expectations and taking account of reasonable sensitivities in the key assumptions, and the provision of appropriate levels of security to gain the optimal funding solution of the Robertson Group. Based on these forecasts the Directors have an expectation that the facilities available will be sufficient for the Group for the foreseeable future.
- Macro-economic factors affecting the whole of the construction industry and the wider economy.
- Credit risk: The Group is exposed to the credit risk that some of its customers may be unable to pay when the debt falls due. This may be due to cash flow problems, difficult trading or financial issues of the customers. Failure to receive all monies due would have an adverse effect on the Group's cash flow and profitability.
- 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 continues to review the carrying value of its property portfolio based on current rents and yields and records 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

		2019	2018	Measure
Profit before tax	£000	**32,205**	27,352	
Gross Margin	%	**7.1**	7.4	Gross profit/turnover
Overhead recovery	%	**2.0**	2.7	Admin expenditure/turnover
Cashflow	£000	**11,123**	19,349	Net funds movement, after dividends paid
Number of employees (average)	Number	**933**	874	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.

Strategic report (continued)

Political and charitable donations

The group made no political contributions during the year. Donations to UK charities amounted to £9,500 (2018: £69,000).

Future developments

The directors expect the level of activity to increase across each of the Group companies.

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



I Wilson
Director
16 December 2019

10 Perimeter Road
Pinefield Industrial Estate
Elgin, IV30 6AE

Directors' report

The directors present their audited financial statements for the year ended 31 March 2019.

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:

W G Robertson
S Roberts
D W Shewan
E C Robertson (appointed 1 May 2018)
I Wilson (appointed 1 May 2019)

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 £19.8m (2018: £20.9m). 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 directors have taken all the steps that they ought to have taken as directors to make themselves 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.



I Wilson
Director
16 December 2019

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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, 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 and profit or loss of the company and group for that period. In preparing these 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

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.



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

Opinion

We have audited the financial statements of Robertson Construction Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2019 which comprise the consolidated statement of comprehensive income, the consolidated and parent company statements of financial position, the consolidated and parent company statement of changes in equity, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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 2019 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions 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 in relation to which 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.

Responsibilities of directors for the financial statements
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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

Andrew Howie
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Glasgow
16 December 2019

Consolidated statement of comprehensive income

for the year ended 31 March 2019

	Note	2019 £000	2018 £000
Turnover: group and share of joint ventures		**609,370**	555,488
Less: share of joint ventures' turnover		-	(1,870)
Group turnover	*3*	**609,370**	553,618
Cost of sales		**(565,907)**	(512,516)
Gross profit		**43,463**	41,102
Administrative expenses		**(12,668)**	(15,076)
Total operating profit		**30,795**	26,026
Interest receivable and similar income	*4*	**1,638**	1,544
Interest payable and similar charges	*4*	**(228)**	(218)
Profit before taxation	*5*	**32,205**	27,352
Tax on profit	*7*	**(6,158)**	(4,978)
Profit for the financial year		**26,047**	22,374
Total comprehensive income for the year		**26,047**	22,374

There was no other comprehensive income for the year ended 31 March 2019 (2018: £Nil)

The notes on pages 16 to 32 form part of these financial statements and accounting policies.

Consolidated statement of financial position

at 31 March 2019

	Note	31 March 2019 £000	31 March 2019 £000	31 March 2018 £000	31 March 2018 £000
Fixed assets					
Tangible assets	9		**6,957**		7,208
Investment properties	10		**2,094**		2,040
Investments			**-**		-
			9,051		9,248
Current assets					
Stocks	12	**1,570**		1,478	
Debtors due within one year	13	**80,848**		103,040	
Debtors due after one year	13	**19,454**		10,248	
Cash at bank and in hand		**125,597**		114,115	
		227,469		228,881	
Creditors: amounts falling due within one year	14	**(187,841)**		(195,724)	
Net current assets			**39,628**		33,157
Net assets			**48,679**		42,405
Capital and reserves					
Called up share capital	17		**1**		1
Merger reserve			**9,679**		9,679
Revaluation reserve			**49**		49
Profit and loss account			**38,950**		32,676
			48,679		42,405

The notes on pages 16 to 32 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 16 December 2019. They were signed on its behalf by:

W G Robertson
Director

I Wilson
Director

Company statement of financial position

at 31 March 2019

	Note	31 March 2019 £000	31 March 2019 £000	31 March 2018 £000	31 March 2018 £000
Fixed assets					
Tangible assets	*9*		**273**		316
Investments	*11*		**-**		-
			273		316
Current assets					
Debtors due within one year	*13*	**70,344**		70,665	
Debtors due after one year	*13*	**10,390**		5,718	
Cash		**25,595**		29,432	
		106,329		105,815	
Creditors: amounts falling due within one year	*14*	**(94,653)**		(93,030)	
Net current assets			**11,676**		12,785
Net assets			**11,949**		13,101
Capital and reserves					
Called up share capital	*17*		**1**		1
Profit and loss account			**11,948**		13,100
Shareholder's funds			**11,949**		13,101

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 £18,621,000 (2018: £18,626,000).

The notes on pages 16 to 32 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 16 December 2019. They were signed on its behalf by:

W G Robertson
Director

I Wilson
Director

Consolidated statement of changes in equity

For the year ended 31 March 2019

	Called-up share capital	Revaluation reserve	Merger reserve	Profit and loss account	Total
	£000	£000	£000	£000	£000
At 1 April 2017	**1**	**49**	**9,679**	**31,220**	**40,949**
Profit for the financial year	-	-	-	22,374	22,374
Dividend paid (note 8)	-	-	-	(20,918)	(20,918)
At 31 March 2018	**1**	**49**	**9,679**	**32,676**	**42,405**
At 1 April 2018	**1**	**49**	**9,679**	**32,676**	**42,405**
Profit for the financial year	-	-	-	26,047	26,047
Dividend paid (note 8)	-	-	-	(19,773)	(19,773)
At 31 March 2019	**1**	**49**	**9,679**	**38,950**	**48,679**

The notes on pages 16 to 32 form part of these financial statements and accounting policies.

Company statement of changes in equity

For the year ended 31 March 2019

	Called-up share capital	Profit and loss account	Total
	£000	£000	£000
At 1 April 2017	**1**	**15,392**	**15,393**
Profit for the financial year	-	18,626	18,626
Dividend paid (note 8)	-	(20,918)	(20,918)
At 31 March 2018	**1**	**13,100**	**13,101**
At 1 April 2018	**1**	**13,100**	**13,101**
Profit for the financial year	-	18,621	18,621
Dividend paid (note 8)	-	(19,773)	(19,773)
At 31 March 2019	**1**	**11,948**	**11,949**

The notes on pages 16 to 32 form part of these financial statements and accounting policies.

Consolidated statement of cash flows

for the year ended 31 March 2019

	Year ended 31 March 2019 £000	Year ended 31 March 2018 £000
Cash inflow from operating activities		
Operating profit	**30,795**	26,026
Depreciation of tangible assets	**583**	666
Loss on disposal of investment	**-**	12
Taxation	**(4,925)**	(3,537)
(Increase) / decrease in stocks	**(92)**	366
Decrease / (increase) in debtors	**14,167**	(28,521)
(Decrease) / increase in creditors	**(10,656)**	44,814
Net cash inflow from operating activities	**29,872**	39,826
Cash flow from investing activities		
Interest received	**1,638**	1,544
Purchase of tangible fixed assets	**(332)**	(827)
Purchase of investment property	**(54)**	(58)
Net cash flow from investing activities	**1,252**	659
Cash flow from financing activities		
Interest paid	**(228)**	(218)
Dividends paid	**(19,773)**	(20,918)
Net cash flow from financing activities	**(20,001)**	(21,136)
Net increase in cash at bank and in hand	**11,123**	19,349
Cash and cash equivalents at 31 March 2018	**106,298**	86,949
Cash and cash equivalents at 31 March 2019	**117,421**	106,298
Cash and cash equivalents consist of:		
Cash at bank and in hand	**125,597**	114,115
Debt due within one year	**(8,176)**	(7,817)
Cash and cash equivalents	**117,421**	106,298

The notes on pages 16 to 32 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 Company 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 Company intends to present its next set of financial statements with the same disclosure exemptions adopted.

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.

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 company operates. The consolidated financial statements are also presented in pounds sterling.

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 March 2019. 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 consolidated balance sheet shows that the group had net assets of £ million. The most recent set of financial projections show that for the foreseeable future net assets remain in a positive position, allowing the directors to form the judgement that the company and the group have adequate resources to continue to trade for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

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

Notes *(continued)*

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 changes 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. Payments received on account represent amounts received in excess of turnover recognised.

Notes *(continued)*

Leases

Assets held under hire purchase contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset and depreciated over the shorter of the lease term and their useful lives. The capital elements of future lease obligations are recorded as liabilities, whilst the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

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

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)*

Financial Instruments (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, rental income 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.

Rental income is recognised as it is earned.

Notes *(continued)*

Joint venture accounting and investments

A Joint venture is an entity in which the group holds an interest with one or more parties where a contractual arrangement has established joint control over the entity. Joint ventures are accounted for using the equity method of accounting.

Investments are carried at the lower of cost and net realisable value, which is dependent upon management assessment of future trading activity and is therefore subject to a degree of inherent uncertainty. Provisions are made where necessary to reflect any impairment.

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 – all long term contracts are reviewed on a monthly basis, with particular attention to contract stage of completion, costs to date and costs still to be incurred. Movement in margin is recognised when prudent to do so but immediately in the event there is a foreseeable loss.
- For contracts that contain an on-time completion bonus payment, revenue is not recognised until all conditions of completion are met and therefore revenue has been earned. Refer to Note 18.
- 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.

Notes *(continued)*

4 Finance costs

	Year ended 31 March 2019 £000	Year ended 31 March 2018 £000
Interest receivable and similar income:		
Interest receivable from related parties	**1,638**	1,544
Interest payable and similar charges:		
Interest payable on bank loans and overdrafts	**225**	207
Interest payable on finance lease	**3**	11
	228	**218**

5 Profit before taxation

	Year ended 31 March 2019 £000	Year ended 31 March 2018 £000
Profit/(loss) before taxation is stated after charging:		
Depreciation of tangible assets	**583**	666
Operating lease rentals		
- land and buildings	**439**	379
- other assets	**604**	538
Auditor's remuneration		
Audit of these financial statements	**28**	28
Amounts receivable by auditors and their associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	**61**	51
Other services relating to taxation & other services	**12**	13

None of the directors received any emoluments from the company or group. Key management personnel are considered to be the directors of the immediate parent company, Robertson Group Limited. Details of their remuneration are given in Note 6.

Notes *(continued)*

6 Staff numbers and costs

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

	Company		Group	
	Year ended 31 March 2019 Number	Year ended 31 March 2018 Number	**Year ended 31 March 2019 Number**	Year ended 31 March 2018 Number
Construction	**242**	198	**830**	783
Property development	**-**	-	**4**	4
Administration	**47**	38	**99**	87
	289	236	**933**	874

The aggregate payroll costs to these persons were as follows:

	Year ended 31 March 2019 £000	Year ended 31 March 2018 £000	**Year ended 31 March 2019 £000**	Year ended 31 March 2018 £000
Wages and salaries	**15,467**	12,506	**47,345**	43,125
Social security costs	**1,692**	1,386	**5,193**	4,772
Other pension costs	**972**	781	**3,004**	2,630
	18,131	14,673	**55,542**	50,527

Notes *(continued)*

6 Staff numbers and cost *(continued)*

Key management personnel are considered to be the Board of Directors of the immediate parent company, Robertson Group Limited. It is not practicable to allocate their total remuneration for services received by each subsidiary company. Accordingly, their total compensation details are given below.

	Year ended 31 March 2019 £000	Year ended 31 March 2018 £000
Directors' emoluments	**3,690**	3,325
Company contributions to money purchase schemes	**55**	102
	3,745	3,427

Retirement benefits are accruing to 2 directors (2018:4) under money purchase pension schemes. The total emoluments of the highest paid director were £1,572,000 (2018: £1,246,000). Pension contributions made on their behalf were £10,000 (2018: £10,000)

7 Tax on profit

Analysis of charge in the year	**Year ended 31 March 2019 £000**	Year ended 31 March 2018 £000
UK corporation tax		
Current tax on income for the year	**6,239**	2,768
Adjustment in respect of prior years	**(6)**	(260)
	6,233	2,508
Group Relief		
Current tax on income for the year	**(53)**	2,459
	(53)	2,459
Total current tax charge	**6,180**	4,967
Deferred tax (see note 16)		
Origination/reversal of timing differences	**(22)**	11
Total tax on profit	**6,158**	4,978

Notes *(continued)*

7 Tax on profit *(continued)*

Factors affecting the tax charge for the current year

The current tax charge for the year is higher *(2018: lower)* than the standard rate of corporation tax in the UK of 19% *(2018: 19%)*. The differences are explained below.

	Year ended 31 March 2019 £000	Year ended 31 March 2018 £000
Current tax reconciliation		
Profit before tax	**32,205**	27,352
Current tax at 19% *(2018:* 19%)	**6,119**	5,197
Effects of:		
Non-deductible expenses	**25**	25
Fixed asset differences	**20**	35
Deferred tax change in rates	**1**	1
Deferred tax not recognised	**-**	(5)
Effect of R&D tax reliefs – current year	**-**	(16)
Effect of R&D tax reliefs - prior years	**-**	(259)
Adjustments to tax charge in respect of prior years	**(7)**	-
Total tax charge (see above)	**6,158**	4,978

The UK Corporation tax rate of 19% took effect from 1 April 2017.

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.

8 Dividends on equity shares

	2019 £000	2018 £000
Interim dividend paid	**19,773**	20,918

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	2,841	587	689	12,147
Additions	-	304	28	-	332
Disposals	-	(101)	-	-	(101)
At end of year	8,030	3,044	615	689	12,378
Depreciation					
At beginning of year	2,126	1,802	444	567	4,939
Charge for the year	24	486	18	55	583
Disposals	-	(101)	-	-	(101)
At end of year	2,150	2,187	462	622	5,421
Net book value					
At 31 March 2019	**5,880**	**857**	**153**	**67**	**6,957**
At 31 March 2018	5,904	1,039	143	122	7,208

Company	Motor vehicles £000	Plant and machinery £000	Total £000
Cost			
At beginning of year	18	689	707
Additions	-	148	148
Disposals	-	(71)	(71)
At end of year	18	766	784
Depreciation			
At beginning of year	6	385	391
Charge for the year	6	185	191
Disposals	-	(71)	(71)
At end of year	12	499	511
Net book value			
At 31 March 2019	**6**	**267**	**273**
At 31 March 2018	12	304	316

Assets held under finance leases, capitalised and included in tangible fixed assets (Company and Group) had a Cost of £259,000 (2018:£259,000) and Net book value of £nil (2018:£108,000).

Notes *(continued)*

10 Investment properties

	Group £000
Cost or valuation	
At beginning of year	2,040
Additions	54
At end of year	**2,094**
Historical cost of investment properties	
At 31 March 2019	**1,841**
At 31 March 2018	1,787

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 2019.

Notes *(continued)*

11 Fixed asset investments

In February 2018, the group acquired the remaining 50% of Robertson-Dawn Health Limited for nil consideration. At the time of acquisition, the company was considered to have nil net assets. Accordingly, the carrying value of the Interests in joint ventures was written down to nil.

Associates and joint ventures

The group had no share of profit after taxation from interests in associates and joint ventures (2018: £nil profit).

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 (A)	Scotland	Ordinary	100	Construction
Robertson Construction Eastern Limited (A)	Scotland	Ordinary	100	Construction
Robertson CE Limited (A)	Scotland	Ordinary	100	Construction
Robertson Construction Northern Limited (A)	Scotland	Ordinary	100	Construction
Robertson Construction Tayside Limited (A)	Scotland	Ordinary	100	Construction
Robertson Construction Highland Limited (A)	Scotland	Ordinary	100	Construction
Robertson Construction Central Scotland Limited (A)	Scotland	Ordinary	100	Construction
Robertson Property Limited (A)	Scotland	A and B Ordinary	100	Property development
Robertson-Dawn Health Limited (B)	Scotland	Ordinary	100	Construction

A - 10 Perimeter Road, Pinefield Industrial Estate, Elgin, Scotland, IV30 6AE
B - Robertson House, Castle Business Park, Stirling, Stirlingshire, FK9 4TZ

Notes *(continued)*

12 Stocks

	Group	
	2019	2018
	£000	£000
Development land	**1,570**	1,478

13 Debtors

	Company		Group	
	2019	2018	**2019**	2018
	£000	£000	**£000**	£000
Amounts falling due within one year:				
Trade debtors	**21,842**	17,909	**59,302**	60,000
Amounts recoverable on contracts	**972**	3,493	**4,678**	15,333
Amounts owed by group undertakings	**36,836**	39,104	**3,142**	14,248
Amounts owed by related parties	**10,032**	10,028	**10,777**	12,514
Other debtors	**94**	114	**457**	410
Prepayments and accrued income	**164**	17	**811**	461
Other tax and social security	**-**	-	**502**	74
Corporation Tax	**404**	-	**1,179**	-
	70,344	70,665	**80,848**	103,040
Amounts falling due after more than one year:				
Amounts recoverable on contracts	**10,390**	5,718	**19,454**	10,248
	10,390	5,718	**19,454**	10,248

Notes *(continued)*

14 Creditors: amounts falling due within one year

	Company		Group	
	2019	2018	**2019**	2018
	£000	£000	**£000**	£000
Bank loans and overdrafts (note 15)	**-**	-	**8,176**	7,817
Payments received on account	**15,548**	19,926	**25,474**	33,741
Trade creditors	**21,500**	15,167	**46,653**	38,609
Amounts owed to group undertakings	**10,853**	7,398	**3,528**	12,280
Corporation tax	**-**	119	**584**	2,588
Other taxes and social security	**2,233**	4,660	**10,260**	9,679
Other creditors	**586**	410	**732**	555
Group relief payable to related parties	**3,709**	2,601	**6,911**	2,472
Amounts due to related parties	**549**	-	**581**	-
Deferred tax (note 16)	**4**	3	**29**	51
Accruals and deferred income	**39,671**	42,654	**84,913**	87,840
Net obligations under finance lease and HP contracts	**-**	92	**-**	92
	94,653	93,030	**187,841**	195,724

Notes *(continued)*

15 Analysis of Debt

	Group	
	2019	2018
	£000	£000
Debt can be analysed as falling due:		
In one year or less, or on demand	**8,176**	7,817
	8,176	7,817
Financial assets measured at amortised cost	**225,788**	227,329
Financial liabilities measured at amortised cost	**166,760**	180,934

Financial assets measured at amortised cost comprise debtors due within one year, after one year and cash balances., but excluding other taxes and social security.

Financial liabilities measured at amortised cost comprise creditor balances due within one and after one year, excluding deferred tax, group relief payable to related parties, corporation tax and other taxes and social security.

16 Deferred tax

Deferred taxation liability	**Accelerated capital allowances**	**Other timing differences**	**Total**
Group	**£000**	**£000**	**£000**
At beginning of year	109	(58)	51
Charge to the profit and loss account for the year	(22)	-	(22)
At end of year	**87**	**(58)**	**29**

Notes *(continued)*

17 Called up share capital

Group and company	2019 £000	2018 £000
Authorised		
10,000 (2018: 10,000) Ordinary shares of £1 each	**10**	10
Allotted, called up and fully paid		
1,024 (2018: 1,024) Ordinary shares of £1 each	**1**	1

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.

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 Contingencies, 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.

An on-time completion bonus payment is receivable in relation to one of our construction contracts. Although probable, the likelihood of this is not virtually certain, therefore no asset has been recognised in these financial statements in relation to this. Due to the commercially sensitive nature of this contract it is impracticable to disclose further detail.

19 Commitments

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

	Land and buildings		Other	
Group	**2019 £000**	2018 £000	**2019 £000**	2018 £000
Operating leases which expire:				
Within one year	**454**	455	**565**	577
Between two and five years	**201**	624	**761**	906
	655	1,079	**1,326**	1,483

Notes *(continued)*

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.

	2019	2018
	£000	£000
Contributions payable by the group for the year	**3,023**	2,630

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 the wider group joint venture and associate companies and at the year end balances were due from these companies as follows:

	Turnover	**Year end Balance**
	£000	**£000**
Joint venture and related party companies :		
- contracting and project management revenue	4,362	446
- contracting revenue procured through a framework agreement	65,824	9,750
	70,186	10,196

22 Parent company and ultimate controlling party

The company is a subsidiary undertaking of Robertson Group Limited. The ultimate parent company is Newlands (Elgin) 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 Newlands (Elgin) Holdings Limited. The consolidated accounts of that company are available to the public and may be obtained from Newlands (Elgin) Holdings Limited, 10 Perimeter Road, Elgin, IV30 6AE.

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