

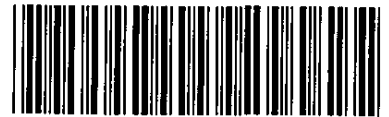
**Company Registration No. SC 70682**

**Land Engineering (Scotland) Limited**

**Report and Financial Statements**

**31 August 2013**

WEDNESDAY



\*S2Z51TKG\*

SCT

08/01/2014

#511

COMPANIES HOUSE

# **Land Engineering (Scotland) Limited**

## **Report and financial statements 2013**

| <b>Contents</b>                              | <b>Page</b> |
|--|-------------|
| <b>Officers and professional advisers</b>    | <b>1</b>    |
| <b>Directors' report</b>                     | <b>2</b>    |
| <b>Directors' responsibilities statement</b> | <b>5</b>    |
| <b>Independent auditor's report</b>          | <b>6</b>    |
| <b>Profit and loss account</b>               | <b>7</b>    |
| <b>Balance sheet</b>                         | <b>8</b>    |
| <b>Notes to the financial statements</b>     | <b>9</b>    |

# **Land Engineering (Scotland) Limited**

## **Report and financial statements 2013**

### **Officers and professional advisers**

#### **Directors**

Stuart Dillett  
John N Macdonald

#### **Secretary**

John N Macdonald

#### **Registered Office**

Gardrum House  
Fenwick  
KA3 6AS

#### **Bankers**

Bank of Scotland plc  
30/34 King Street  
Kilmarnock  
KA1 1NP

#### **Solicitors**

Brodies LLP  
2 Blythswood Square  
Glasgow  
G2 4AD

#### **Independent Auditor**

Deloitte LLP  
Glasgow

# Land Engineering (Scotland) Limited

## Directors' report

The directors present their report and the audited financial statements for the year ended 31 August 2013.

### Principal activities

The company is a wholly owned subsidiary of Gardrum Investments Limited, a company registered in Scotland.

The company's principal activities during the year were civil engineering, landscape and ground maintenance contracting. There have not been any significant changes in the company's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

### Business review and future prospects

The directors are satisfied with the results.

Sales have increased by 5.2% compared to prior year. The existing order book indicates that sales are anticipated to remain in line with those reported in 2013 in the coming year. In light of competitive market pressures the directors are pleased to report the continuation of profitable trading and the directors anticipate that this will continue through the forthcoming financial year.

The company's balance sheet, on page 8 of the financial statements, shows that the company's financial position at the year end continued to strengthen and shareholders' funds amounted to £7,556,000 (2012: £6,669,000). Details of amounts owed by and owed to group companies are shown in notes 9 and 10.

There have been no significant events since the balance sheet date.

The directors are satisfied with the results for the year and will continue to seek appropriate trading opportunities to further enhance profitability in the forthcoming year.

Having considered forecast results, extending at least 12 months beyond the date these financial statements are approved, including reasonably possible downward sensitivities, the directors expect the company to remain profitable for the foreseeable future. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

### Profit and dividends

The results for the year are shown in the profit and loss account on page 7. No dividend (2012: £nil) was paid in the year and the profit for the year has been transferred to reserves.

### Directors

The directors during the year, and to the date of this report were:

Stuart Dillett  
John N Macdonald  
David J Irvine (resigned 20/11/2013)  
Charles J Barrett (resigned 02/10/2013)  
Terence R Racionzer (resigned 25/06/2013)

# **Land Engineering (Scotland) Limited**

## **Directors' report (continued)**

### **Principal risks and uncertainties**

The company is exposed to risks in the normal course of business. These risks include, but are not limited to, the company's ability to win new contracts, government policy, competitors, pressures on pricing from both suppliers and customers, ability to attract and retain talent and environmental issues. The company manages these risks by providing competitive pricing to its customers, by maintaining strong relationships with customers and review on a regular basis by senior management to ensure the risks are appropriately managed.

The company is financed through equity investment, retained profit, working capital, a bank facility and hire purchase contracts. The directors are satisfied with the facilities available to the company.

### **Credit risks**

The company's principal financial assets are bank balances, trade debtors, amounts recoverable on contracts and intercompany balances. The company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of provisions for doubtful debts. The company has no significant concentration of credit risk, with exposure spread over a large number of customers. The company does not enter into any derivative financial instruments.

### **Directors' indemnities**

The company 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.

### **Environment**

The Land Engineering group recognises the importance of its environmental responsibilities, and designs and implements policies to reduce any damage that might be caused by the group's activities. The group has successfully secured accreditation to ISO 14001 Environmental Management Systems.

### **Employees**

Details of the number of employees and related costs can be found in note 3 to the financial statements on page 11.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

The company participates in the group's policies and practices to keep employees informed on matters relevant to them as employees through regular meetings and newsletters.

# Land Engineering (Scotland) Limited

## Directors' report (continued)

### Disclosure of information to auditor

Each of the persons who is a director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

### Independent auditor

A resolution to re-appoint Deloitte LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



John Macdonald  
Director

16 December 2013

## **Land Engineering (Scotland) Limited**

### **Directors' responsibilities statement**

The directors are responsible for preparing the Annual 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). 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Independent auditor's report to the members of Land Engineering (Scotland) Limited**

We have audited the financial statements of Land Engineering (Scotland) Limited for the year ended 31 August 2013 which comprise the profit and loss account, the balance sheet and the related notes 1 to 19. 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).

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, 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**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

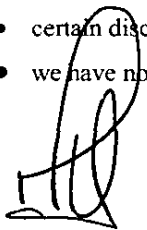
### **Opinion on other matter prescribed by the Companies Act 2006**

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

### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.



Michael McGregor ACA (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

Glasgow, United Kingdom

18 December 2013



## Land Engineering (Scotland) Limited

### Profit and loss account Year ended 31 August 2013

|  | Notes | 2013<br>£'000     | 2012<br>£'000       |
|--|-------|-------------------|---------------------|
| Turnover   | 1     | 45,236            | 42,989              |
| Cost of sales  |       | <u>(37,913)</u>   | <u>(34,918)</u>     |
| <b>Gross profit</b>                                  |       | 7,323             | 8,071               |
| Administrative expenses                              |       | (6,170)           | (6,280)             |
| Other operating income                               |       | <u>198</u>        | <u>155</u>          |
| <b>Operating profit</b>                              | 2     | 1,351             | 1,946               |
| Interest receivable and similar income               | 4     | 5                 | 8                   |
| Interest payable and similar charges                 | 5     | <u>(121)</u>      | <u>(61)</u>         |
|  |       | <u>(116)</u>      | <u>(53)</u>         |
| <b>Profit on ordinary activities before taxation</b> |       | 1,235             | 1,893               |
| Taxation on profit on ordinary activities            | 6     | <u>(348)</u>      | <u>(510)</u>        |
| <b>Profit for the year</b>                           | 15    | <u><u>887</u></u> | <u><u>1,383</u></u> |

The accompanying notes form an integral part of this profit and loss account.

Movements in reserves are shown in the notes to the financial statements.

There are no recognised gains or losses in 2012 or 2013 other than the profits for those years. Accordingly a Statement of Total Recognised Gains and Losses is not provided.

All results are from continuing operations.

# Land Engineering (Scotland) Limited

## Balance sheet 31 August 2013

|  | Notes | 2013<br>£'000   | 2012<br>£'000   |
|--|-------|-----------------|-----------------|
| <b>Fixed assets</b>  |       |                 |                 |
| Tangible fixed assets  | 7     | <u>4,010</u>    | <u>4,163</u>    |
| <b>Current assets</b>  |       |                 |                 |
| Stocks   | 8     | 30              | 30              |
| Debtors  | 9     | 12,599          | 13,609          |
| Cash at bank and in hand                                       |       | <u>1,455</u>    | <u>-</u>        |
|  |       | 14,084          | 13,639          |
| <b>Creditors: amounts falling due within one year</b>          | 10    | <u>(10,113)</u> | <u>(10,800)</u> |
| <b>Net current assets</b>                                      |       | <u>3,971</u>    | <u>2,839</u>    |
| <b>Total assets less current liabilities</b>                   |       | 7,981           | 7,002           |
| <b>Creditors: amounts falling due after more than one year</b> | 11    | <u>(425)</u>    | <u>(333)</u>    |
| <b>Net assets</b>  |       | <u>7,556</u>    | <u>6,669</u>    |
| <b>Capital and reserves</b>                                    |       |                 |                 |
| Called up share capital  | 13    | 5               | 5               |
| Other reserves   | 14    | 5               | 5               |
| Profit and loss account  | 15    | <u>7,546</u>    | <u>6,659</u>    |
| <b>Shareholders' funds</b>                                     | 16    | <u>7,556</u>    | <u>6,669</u>    |

The accompanying notes form an integral part of this balance sheet.

The financial statements of Land Engineering (Scotland) Limited, registered number SC 70682 were approved by the Board of Directors on 16 December 2013.

Signed on order of the Board of Directors



John N Macdonald  
Director

# Land Engineering (Scotland) Limited

## Notes to the financial statements Year ended 31 August 2013

### 1. Accounting policies

#### Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. The principal accounting policies are summarised below and have been applied consistently in the current and preceding year.

#### Basis of preparation

The company's principal risks and uncertainties, including liquidity risk, are described in the directors' report. Having considered forecast results including reasonably possible sensitivities, the directors expect the company to remain profitable in the foreseeable future.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

#### Tangible fixed assets

Tangible fixed assets are stated at cost net of depreciation and any provisions for impairment. Depreciation is provided on all fixed assets at rates calculated to write off their cost less any residual value over their estimated useful lives at the following annual rates:

|                       |                          |
|-----------------------|--------------------------|
| Motor vehicles        | 25% straight line        |
| Plant and machinery   | 15% straight line        |
| Fixtures and fittings | 20% straight line        |
| Freehold buildings    | 2.5% - 15% straight line |

Freehold land is not depreciated.

#### Leases and hire purchase contracts

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

#### Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis. Net realisable value is based on estimated selling price less the estimated cost of disposal. Provision is made for obsolete, slow moving or defective items where appropriate.

#### Long term contracts

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account. Provision is made for any expected loss.

# Land Engineering (Scotland) Limited

## Notes to the financial statements (continued) Year ended 31 August 2013

### 1. Accounting policies (continued)

#### Cash flow statement

No cash flow statement has been prepared in accordance with the exemption conferred by Financial Reporting Standard No 1 'Cash Flow Statements' (Revised 1996), as the company is included in the consolidated financial statements of Gadrum Investments Limited, the ultimate parent company.

#### Taxation

Current taxation is provided at amounts expected to be paid (or recovered) using the taxation rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more taxation in the future or a right to pay less taxation in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in taxation assessments in periods different from those in which they are recognised in the financial statements.

A net deferred taxation asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred taxation is not recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to taxation only if and when the replacement assets are sold.

Deferred taxation is measured at the average taxation rates that are expected to apply in the periods in which the timing differences are expected to reverse based on taxation rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred taxation is measured on a non-discounted basis.

#### Pension costs

The company operates a defined contribution scheme. The charge for pension costs in the year is the contributions payable to the pension scheme in respect of the accounting period.

#### Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business net of value added tax.

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of the total contract value which costs incurred to date bear to total expected costs for that contract.

The turnover for the year was derived from the company's principal activity. All of the turnover is attributable to the United Kingdom market.

## Land Engineering (Scotland) Limited

### Notes to the financial statements (continued) Year ended 31 August 2013

#### 2. Operating profit

|   | 2013<br>£'000     | 2012<br>£'000     |
|---|-------------------|-------------------|
| <b>Operating profit is stated after charging/(crediting):</b> |                   |                   |
| Depreciation of tangible fixed assets:                        |                   |                   |
| Owned assets  | 733               | 364               |
| Assets under finance leases and hire purchase contracts       | 594               | 974               |
| Auditor's remuneration:                                       |                   |                   |
| Company audit fees  | 24                | 17                |
| Other services relating to taxation                           | 6                 | 8                 |
| Gain on sale of fixed assets                                  | (131)             | (145)             |
|   | <u>          </u> | <u>          </u> |

#### 3. Directors and employees

|                         | 2013<br>£'000     | 2012<br>£'000     |
|-------------------------|-------------------|-------------------|
| <b>Staff costs</b>      |                   |                   |
| Wages and salaries      | 10,535            | 9,525             |
| Social security costs   | 934               | 845               |
| Pension costs (note 17) | 172               | 159               |
|                         | <u>          </u> | <u>          </u> |
|                         | <u>11,641</u>     | <u>10,529</u>     |

|   | 2013<br>No.       | 2012<br>No.       |
|---|-------------------|-------------------|
| <b>Average monthly number employed:</b> |                   |                   |
| Administration/directors                | 124               | 110               |
| Labourers                               | 289               | 255               |
|   | <u>          </u> | <u>          </u> |
|   | <u>413</u>        | <u>365</u>        |

#### Directors

|                      | 2013<br>£'000     | 2012<br>£'000     |
|----------------------|-------------------|-------------------|
| Aggregate emoluments | 191               | -                 |
| Pension costs        | 3                 | -                 |
|                      | <u>          </u> | <u>          </u> |
|                      | <u>194</u>        | <u>-</u>          |

## Land Engineering (Scotland) Limited

### Notes to the financial statements (continued)

Year ended 31 August 2013

**4. Interest receivable and similar income**

|                          | 2013<br>£'000 | 2012<br>£'000 |
|--------------------------|---------------|---------------|
| Bank interest receivable | 5             | 8             |

**5. Interest payable and similar charges**

|  | 2013<br>£'000 | 2012<br>£'000 |
|--|---------------|---------------|
| Bank interest                            | 55            | 10            |
| Finance lease and hire purchase interest | 66            | 51            |
|  | <u>121</u>    | <u>61</u>     |

**6. Taxation on profit on ordinary activities**

|   | 2013<br>£'000 | 2012<br>£'000 |
|---|---------------|---------------|
| UK corporation taxation on profit on ordinary activities at 23.58% (2012: 25.16%) | 382           | 569           |
| Adjustment in respect of prior years  | (17)          | -             |
| Total current taxation  | <u>365</u>    | <u>569</u>    |
| Deferred taxation for the year (note 12)  | (17)          | (59)          |
| Total tax charge  | <u>348</u>    | <u>510</u>    |

The taxation assessed for the year differs to that resulting from applying the average standard rate of corporation taxation in the United Kingdom. The differences are explained below:

|  | 2013<br>£'000 | 2012<br>£'000 |
|--|---------------|---------------|
| Profit on ordinary activities before taxation    | 1,235         | 1,893         |
| Taxation charge thereon at 23.58% (2012: 25.16%) | 291           | 476           |
| Factors affecting charge for the year:           |               |               |
| Expenses not deductible for taxation purposes    | 8             | 29            |
| Depreciation in excess of capital allowances     | 34            | 51            |
| Movement in short term timing differences        | -             | 13            |
| Adjustments relating to prior periods            | 32            | -             |
|  | <u>365</u>    | <u>569</u>    |

The Finance Bill 2013, which provides for a reduction in the main rate of corporation tax to 20% effective from 1 April 2015, was substantively enacted on 2 July 2013. In the current period the tax rate has fallen from 24% to 23% giving rise to the hybrid rate used above.

## Land Engineering (Scotland) Limited

### Notes to the financial statements (continued) Year ended 31 August 2013

#### 7. Tangible fixed assets

|                                 | Freehold<br>land and<br>buildings | Motor<br>vehicles<br>£'000 | Plant and<br>machinery<br>£'000 | Fixtures<br>and fittings<br>£'000 | Total<br>£'000 |
|---------------------------------|-----------------------------------|----------------------------|---------------------------------|-----------------------------------|----------------|
| <b>Cost</b>                     |                                   |                            |                                 |                                   |                |
| At 1 September 2012             | 577                               | 3,830                      | 3,760                           | 1,203                             | 9,370          |
| Additions                       | -                                 | 542                        | 561                             | 80                                | 1,183          |
| Disposals                       | -                                 | (497)                      | (69)                            | (20)                              | (586)          |
| At 31 August 2013               | <u>577</u>                        | <u>3,875</u>               | <u>4,252</u>                    | <u>1,263</u>                      | <u>9,967</u>   |
| <b>Accumulated depreciation</b> |                                   |                            |                                 |                                   |                |
| At 1 September 2012             | 109                               | 2,198                      | 2,215                           | 685                               | 5,207          |
| Charge for the year             | 18                                | 702                        | 441                             | 166                               | 1,327          |
| Disposals                       | -                                 | (495)                      | (62)                            | (20)                              | (577)          |
| At 31 August 2013               | <u>127</u>                        | <u>2,405</u>               | <u>2,594</u>                    | <u>831</u>                        | <u>5,957</u>   |
| <b>Net book value</b>           |                                   |                            |                                 |                                   |                |
| At 31 August 2013               | <u>450</u>                        | <u>1,470</u>               | <u>1,658</u>                    | <u>432</u>                        | <u>4,010</u>   |
| At 31 August 2012               | <u>468</u>                        | <u>1,632</u>               | <u>1,545</u>                    | <u>518</u>                        | <u>4,163</u>   |

The net book value of fixed assets includes £2,249,851 (2012: £2,661,440) in respect of assets held under finance leases and hire purchase contracts, the depreciation of which is shown in note 2.

Freehold land and buildings includes land at historical cost of £122,000 (2012: £122,000) which is not depreciated.

The company has provided a first and only bond, floating charge and first and only standard security of the property in respect of the term loan held by Gardrum Investments Limited, the ultimate parent company.

#### 8. Stocks

|               | 2013<br>£'000 | 2012<br>£'000 |
|---------------|---------------|---------------|
| Raw materials | <u>30</u>     | <u>30</u>     |

## Land Engineering (Scotland) Limited

### Notes to the financial statements (continued) Year ended 31 August 2013

#### 9. Debtors

|  | 2013<br>£'000 | 2012<br>£'000 |
|--|---------------|---------------|
| <b>Amounts falling due within one year:</b>          |               |               |
| Trade debtors  | 4,950         | 6,329         |
| Amounts owed by fellow group undertakings            | 4,237         | 4,052         |
| Amounts recoverable on contracts                     | 2,137         | 2,759         |
| Amounts due from related parties (note 18)           | 800           | -             |
| Other debtors  | 126           | 162           |
| Prepayments and accrued income                       | 28            | 23            |
| Deferred tax asset (note 12)                         | 91            | 74            |
|  | <u>12,369</u> | <u>13,399</u> |
| <b>Amounts falling due after more than one year:</b> |               |               |
| Loan to BDMR Property (note 18)                      | 230           | 210           |
|  | <u>230</u>    | <u>210</u>    |
| Total debtors  | <u>12,599</u> | <u>13,609</u> |

Amounts owed by fellow group undertakings are repayable on demand and do not accrue any interest.

#### 10. Creditors: amounts falling due within one year

|  | 2013<br>£'000 | 2012<br>£'000 |
|--|---------------|---------------|
| Bank overdraft   | -             | 10            |
| Trade creditors  | 4,947         | 4,563         |
| Amounts owed to group undertakings                                     | 165           | 165           |
| Corporation taxation   | 120           | 242           |
| Other taxes and social security  | 1,706         | 1,005         |
| Payments received on account   | 1,752         | 2,377         |
| Accruals and deferred income   | 597           | 1,468         |
| Obligations under finance leases and hire purchase contracts (note 11) | 826           | 970           |
|  | <u>10,113</u> | <u>10,800</u> |

The company's bankers hold performance bonds of £483,110 (2012: £877,000) in favour of certain third parties, in the normal course of business. Amounts owed to fellow group undertakings are repayable on demand and do not accrue any interest.



## Land Engineering (Scotland) Limited

### Notes to the financial statements (continued) Year ended 31 August 2013

#### 11. Creditors: amounts falling due after more than one year

|  | 2013<br>£'000 | 2012<br>£'000 |
|--|---------------|---------------|
| Obligations under finance leases and hire purchase contracts | <u>425</u>    | <u>333</u>    |

Total obligations under finance leases and hire purchase contracts are repayable over varying periods by monthly instalments as follows:

|  | 2013<br>£'000 | 2012<br>£'000 |
|--|---------------|---------------|
| On demand or within one year (note 10) | 826           | 970           |
| Between one and five years             | <u>425</u>    | <u>333</u>    |
|  | <u>1,251</u>  | <u>1,303</u>  |

Amounts owed under finance leases and hire purchase agreements are secured by the related assets and are fully repayable within five years.

#### 12. Deferred taxation

|  | 2013<br>£'000 | 2012<br>£'000 |
|--|---------------|---------------|
| Corporation taxation deferred by:            |               |               |
| Capital allowances in excess of depreciation | (84)          | (65)          |
| Other short term timing differences          | (7)           | (16)          |
| Effect of change in tax rates                | -             | 7             |
|  | <u>(91)</u>   | <u>(74)</u>   |

The provision is based on a corporation taxation rate of 20% (2012: 23%).

|  | 2013<br>£'000 | 2012<br>£'000 |
|--|---------------|---------------|
| Deferred taxation asset at beginning of the year | 74            | 15            |
| Credited to the profit and loss account (note 6) | <u>17</u>     | <u>59</u>     |
| Deferred taxation asset at end of the year       | <u>91</u>     | <u>74</u>     |

## Land Engineering (Scotland) Limited

### Notes to the financial statements (continued) Year ended 31 August 2013

#### 13. Called up share capital

|   | 2013<br>£'000 | 2012<br>£'000 |
|---|---------------|---------------|
| <b>Allotted, called up and fully paid</b><br>5,220 ordinary shares of £1 each | 5             | 5             |

#### 14. Other reserves

|                            | 2013<br>£'000 | 2012<br>£'000 |
|----------------------------|---------------|---------------|
| Capital redemption reserve | 5             | 5             |

#### 15. Profit and loss account

|                     | 2013<br>£'000 |
|---------------------|---------------|
| At 1 September 2012 | 6,659         |
| Profit for the year | 887           |
| At 31 August 2013   | 7,546         |

#### 16. Reconciliation of movements in shareholders' funds

|   | 2013<br>£'000 | 2012<br>£'000 |
|---|---------------|---------------|
| Profit for the year and net addition to shareholders' funds | 887           | 1,383         |
| Opening shareholders' funds                                 | 6,669         | 5,286         |
| Closing shareholders' funds                                 | 7,556         | 6,669         |

#### 17. Pension costs

The company operates a defined contribution retirement benefit scheme on behalf of its employees for which the pension cost charge for the year amounted to £172,000 (2012: £159,000). The assets of the scheme are held separately from those of the company in funds under the control of the trustees.

As at 31 August 2013 no contributions (2012: £nil) due in respect of the current year had not been paid over to the scheme.

## Land Engineering (Scotland) Limited

### Notes to the financial statements (continued) Year ended 31 August 2013

#### 18. Related party transactions

The company has taken advantage of the exemptions conferred by Financial Reporting Standard No 8, Related Party Disclosures, in relation to intra-group transactions and balances.

During the year, the company granted loans of £20,000 (2012: £nil) to BDMR Property, which is an entity under common control. As at the year end the total loan outstanding was £230,000 (2012: £210,000). Interest is due on the loans at 2.5% per annum and the loans are repayable within 10 years of the granting of the loans by the company. Interest of £nil (2012: £nil) was received during the year on these loans.

During the year, the company granted loans of £800,000 (2012: £nil) to Green Engineering (Scotland) Ltd, which is a 50% owned Joint Venture by the parent company of the group. As at the year end the total loan outstanding was £800,000 (2012: £nil). No interest is charged on the loans.

During the year the company traded with First Milk Energy Limited, a 50% owned joint venture of Green Engineering (Scotland) Limited. Revenues of £1,479,445 and costs of £1,479,445 were recognised in the year from this related party. No debtor balances were outstanding at year end.

During the year, the company paid a management fee of £780,000 (2012: £830,000) to Gardrum Investments Limited, the ultimate parent undertaking.

#### 19. Ultimate parent undertaking

At 31 August 2013, the company's immediate and ultimate parent company was Gardrum Investments Limited, a company registered in Scotland. The largest and smallest group in which the results of Land Engineering (Scotland) Limited are consolidated is that headed by Gardrum Investments Limited. Copies of the consolidated financial statements are available from the company's registered office at Gardum House, Fenwick, KA3 6AS.