

COMPANY REGISTRATION NUMBER: SC038450

A & J ROBERTSON (GRANITE) LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
31st DECEMBER 2017



A9 BOWER + SMITH LIMITED
Chartered Accountants & Statutory Auditor
6 Rubislaw Place
Aberdeen
AB10 1XN

A & J ROBERTSON (GRANITE) LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 2017

Contents	Page
Notice of Meeting	1
Officers and Professional Advisers	2
Strategic Report	3
Directors' Report	5
Independent Auditor's Report to the Members	7
Consolidated Profit and Loss Account	10
Consolidated Balance Sheet	11
Balance Sheet	12
Consolidated Statement of Changes in Equity	13
Company Statement of Changes in Equity	14
Consolidated Statement of Cash Flows	15
Notes to the Consolidated Financial Statements	16
The Following Pages Do Not Form Part of the Consolidated Financial Statements	
Consolidated Detailed Profit and Loss Account	32
Notes to the Consolidated Detailed Profit and Loss Account	33
Schedules of Property and Motor Vehicles	35-37

A & J ROBERTSON (GRANITE) LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 2017

NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of the company will be held at Silvertrees Drive, Westhill, Aberdeen AB32 6BH on Friday 8th June 2018 at 11 a.m. to transact the following business :-

1. To receive and consider the Report of the Directors' and the audited financial statements for the year ended 31st December 2017 together with the Auditors Report thereon.
2. To re-appoint Auditors.
3. To transact any other competent business.

Registered office:

Robertson Granite
Silvertrees Drive
Westhill
Aberdeen
AB32 6BH

By order of the board



Raymond A Garden
Company secretary

14th May 2018

Note:

A shareholder entitled to attend and vote at the meeting may appoint one or more proxies to attend and, on a poll, vote on his behalf. A proxy need not be a member of the company.

A & J ROBERTSON (GRANITE) LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The Board of Directors

Graeme D Robertson
Raymond A Garden
Stewart G Gibson
Neil DK Robertson

Company Secretary

Raymond A Garden

Registered Office

Robertson Granite
Silvertrees Drive
Westhill
Aberdeen
AB32 6BH

Auditor

A9 Bower + Smith Limited
Chartered Accountants & Statutory Auditor
6 Rubislaw Place
Aberdeen
AB10 1XN

Bankers

Clydesdale Bank plc
62 Union Street
Aberdeen
AB10 1WD

Solicitors

Burness Paull
Union Plaza
1 Union Wynd
Aberdeen
AB10 1DQ

A & J ROBERTSON (GRANITE) LIMITED

STRATEGIC REPORT

YEAR ENDED 31st DECEMBER 2017

The Directors present their strategic report of the group for the year ended 31st December 2017.

BUSINESS REVIEW

The principal activity of the Group comprises the manufacture and sale of memorials and other products in granite, stone, slate, marble, fireplaces and stoves. There have not been any significant changes in the Group's principal activities in the year under review.

The Group made a loss after taxation of £861,099 for the year, compared to a profit after taxation of £7,972,401 for the previous year.

The Directors are disappointed with the results for 2017. As expected, it was a difficult year with the Group continuing to suffer from low levels of order taking and sales resulting in turnover being below budget. This was exacerbated by the Head Office and Factory move to custom built premises at Westhill, Aberdeenshire.

The Directors are pleased to report that the Head Office and Factory relocated to the new premises during May 2017 and that the Aberdeen Fireplace and Stove showroom will relocate again in May 2018.

The Group has continued to invest in two new private crematoria in Fife, Scotland and Crathes, near Aberdeen, Scotland. Baldarroch Crematorium at Crathes, which opened in early May 2016, is proving successful.

PRINCIPAL RISKS AND UNCERTAINTIES

The decline in the UK death rate and the rise in cremation continue to make it difficult to forecast growth in the Group's core business of the sale of memorials. The drop in the death rate appears to be levelling out and will eventually rise. In the meantime, it remains the policy of the Group to endeavour to increase the average sale value of the memorials it sells.

Apart from the death rate, the principal threat to the Group has been the cost of funding the Group's defined benefit pension scheme which was closed in April 1998. The annual cost includes contributions towards fully funding the deficit, the administration of the scheme, payments to scheme advisers, legal, actuarial and investment, and payments to The Pensions Regulator. However, the Directors made significant extraordinary payments towards the end of 2017 into the pension scheme to help fund the deficit.

PERFORMANCE INDICATORS

The company is going through a transitional period and the Directors consider performance indicators relating to the period under review to be meaningless. The Directors are determined to improve profitability and the move to the new premises in Aberdeen has improved efficiency with further efficiencies being introduced into the business through lean management techniques.

Sales growth has been difficult recently for the company but the Directors are using the move to new premises as a stimulus to seek sales growth.

Cashflow has improved with the sale of the company property in the Pittodrie area of Aberdeen in the year ended 31st December 2016 but the company has invested a significant portion of the sale proceeds in new office and factory equipment and premises.

ENVIRONMENT

The Group recognises the importance of environmental responsibilities, monitors its impact on the environment and designs and implements policies to reduce any damage that might be caused by the Group's impact on the environment, including safe disposal of manufacturing waste, recycling and reducing energy consumption. All of this being reflected in the new facility at Westhill, Aberdeenshire.

A & J ROBERTSON (GRANITE) LIMITED

STRATEGIC REPORT *(continued)*

YEAR ENDED 31st DECEMBER 2017

EMPLOYEES

Details of the number of employees and related costs can be found in Note 8 to the Financial Statements on page 21. Effort is made by the Group to regularly consult employees through team briefs, staff council meetings and a newsletter on matters of concern in order that their views may be taken into account when making decisions which affect them. The Directors recognise the support of all employees during the year and are grateful for their loyalty.

REGISTERED OFFICE

Robertson Granite
Silvertrees Drive
Westhill
Aberdeen
AB32 6BH

This report was approved by the board of directors on 14th May 2018 and signed on behalf of the board by:



Raymond A Garden
Company Secretary

Registered office:
Robertson Granite
Silvertrees Drive
Westhill
Aberdeen
AB32 6BH

A & J ROBERTSON (GRANITE) LIMITED

DIRECTORS' REPORT

YEAR ENDED 31st DECEMBER 2017

The directors present their report and the consolidated financial statements of the group for the year ended 31st December 2017.

DIRECTORS

The directors who served the company during the year were as follows:

Graeme D Robertson

Raymond A Garden

Stewart G Gibson

Neil DK Robertson

(Appointed 9th June 2017)

Ranald H Rennie

(Resigned 9th June 2017)

DIVIDENDS

The Directors do not recommend payment of further dividends for the year ended 31st December 2017.

FUTURE DEVELOPMENTS

Following the move to the company's custom built premises at Westhill, the main objective is to consolidate the trading and financial position in the coming year.

DISCLOSURE OF INFORMATION IN THE STRATEGIC REPORT

The Directors present their Strategic Report of the Company for the year ended 31 December 2017 on page 3 in accordance with S.414 (11) CA 2006.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the strategic report, directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare consolidated financial statements for each financial year. Under that law the directors have elected to prepare the consolidated 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 consolidated financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and the profit or loss of the group for that period.

In preparing these consolidated 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;
- prepare the consolidated 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 consolidated 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.

A & J ROBERTSON (GRANITE) LIMITED

DIRECTORS' REPORT *(continued)*

YEAR ENDED 31st DECEMBER 2017

AUDITOR

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

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

This report was approved by the board of directors on 14th May 2018 and signed on behalf of the board by:



Raymond A Garden
Company Secretary

Registered office:
Robertson Granite
Silvertrees Drive
Westhill
Aberdeen
AB32 6BH

A & J ROBERTSON (GRANITE) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF A & J ROBERTSON (GRANITE) LIMITED

YEAR ENDED 31st DECEMBER 2017

OPINION

We have audited the consolidated financial statements of A & J Robertson (Granite) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31st December 2017 which comprise the consolidated profit and loss account, consolidated balance sheet, balance sheet, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows and the related notes, 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 FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (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.

In our opinion, except for the effects of the matter described in the basis for qualified opinion section of our report, the consolidated financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31st December 2017 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR QUALIFIED OPINION

As stated in note 23 to the financial statements, the Group's and the Parent Company's defined benefits pension scheme has an actuarial deficit. The most recent actuarial valuation was carried out as at 1st April 2015 and the actuarial deficit at that date was £766,000. This deficit has not been reflected in the financial statements as at 31st December 2017 and the disclosures required by Section 28 Financial Reporting Standard 102 have not been made. This represents a departure from FRS 102. In our opinion, a provision for a defined benefit pension liability of £612,800 (net of deferred tax) should be made in both the consolidated and the company balance sheets as at 31st December 2017. This would have the effect of reducing shareholders' funds by £612,800 to £9,864,343 in the consolidated balance sheet and by £612,800 to £9,870,016 in the company balance sheet as at 31st December 2017. Since the actuarial valuation at 1st April 2015, the Group's total contribution to the defined benefit scheme up to 31st December 2017 amounted to £606,000.

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 consolidated financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 qualified opinion.

A & J ROBERTSON (GRANITE) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF A & J ROBERTSON (GRANITE) LIMITED *(continued)*

YEAR ENDED 31st DECEMBER 2017

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 consolidated financial statements is not appropriate; or
- the directors have not disclosed in the consolidated 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 consolidated financial statements are authorised for issue.

OTHER INFORMATION

The other information comprises the information included in the Strategic Report and the Directors' Report, other than the consolidated financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 consolidated 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 consolidated financial statements are prepared is consistent with the consolidated financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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.

A & J ROBERTSON (GRANITE) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF A & J ROBERTSON (GRANITE) LIMITED *(continued)*

YEAR ENDED 31st DECEMBER 2017

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

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

In preparing the consolidated 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 CONSOLIDATED 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.



ALAN DUNCAN (Senior Statutory Auditor)

For and on behalf of
A9 Bower + Smith Limited
Chartered Accountants & Statutory Auditor

6 Rubislaw Place
Aberdeen
AB10 1XN

16th May 2018

A & J ROBERTSON (GRANITE) LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31st DECEMBER 2017

	Note	2017 £	2016 £
TURNOVER	4	4,982,264	4,995,738
Change in stocks of finished goods and in work in progress		11,627	(21,062)
Other operating income	5	70,105	56,674
		<u>5,063,996</u>	<u>5,031,350</u>
Raw material and consumables		1,934,282	1,862,914
Staff costs	8	2,424,449	2,240,152
Depreciation written off tangible assets		141,307	48,567
Other operating expenses		1,419,584	1,313,142
OPERATING LOSS	6	(855,626)	(433,425)
Gain on disposal of fixed assets		5,506	10,465,570
Impairment of associated undertakings		(826)	(33,903)
Interest payable	10	(8,091)	(43,885)
Exceptional item	11	(256,000)	—
(LOSS)/PROFIT BEFORE TAXATION		(1,115,037)	9,954,357
Tax on (loss)/profit	12	(253,938)	1,981,956
(LOSS)/PROFIT FOR THE FINANCIAL YEAR AND TOTAL COMPREHENSIVE INCOME		<u>(861,099)</u>	<u>7,972,401</u>

All the activities of the group are from continuing operations.

The loss for the financial year of the parent company was £862,742 (2016 - £7,971,604 profit).

The notes on pages 16 to 30 form part of these consolidated financial statements.

A & J ROBERTSON (GRANITE) LIMITED

CONSOLIDATED BALANCE SHEET

31st DECEMBER 2017

	Note	2017 £	2016 £
FIXED ASSETS			
Tangible assets	14	8,756,151	8,334,858
Investments	15	315,477	279,808
		<u>9,071,628</u>	<u>8,614,666</u>
CURRENT ASSETS			
Stocks	16	603,817	590,702
Debtors	17	722,495	9,784,068
Cash at bank and in hand		2,520,325	336,113
		<u>3,846,637</u>	<u>10,710,883</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	18	<u>1,274,555</u>	<u>6,640,269</u>
NET CURRENT ASSETS		<u>2,572,082</u>	<u>4,070,614</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>11,643,710</u>	<u>12,685,280</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	19	–	4,306
PROVISIONS			
Deferred taxation	21	1,166,567	1,142,732
NET ASSETS		<u>10,477,143</u>	<u>11,538,242</u>
CAPITAL AND RESERVES			
Called up share capital	24	200,000	200,000
Revaluation reserve	25	939,890	939,890
Capital redemption reserve	25	30,000	30,000
Profit and loss account	25	9,307,253	10,368,352
MEMBERS FUNDS		<u>10,477,143</u>	<u>11,538,242</u>

These consolidated financial statements were approved by the board of directors and authorised for issue on 14th May 2018, and are signed on behalf of the board by:



Graeme D Robertson
Chairman

Company registration number: SC038450

The notes on pages 16 to 30 form part of these consolidated financial statements.

A & J ROBERTSON (GRANITE) LIMITED

BALANCE SHEET

31st DECEMBER 2017

	Note	2017 £	2016 £
FIXED ASSETS			
Tangible assets	14	7,780,151	7,358,858
Investments	15	715,013	679,344
		<u>8,495,164</u>	<u>8,072,105</u>
CURRENT ASSETS			
Stocks	16	603,817	590,702
Debtors	17	1,298,958	10,360,531
Cash at bank and in hand		2,520,325	336,113
		<u>4,420,657</u>	<u>11,287,346</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	18	1,274,555	6,640,269
NET CURRENT ASSETS		<u>3,148,545</u>	<u>4,647,077</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>11,643,709</u>	<u>12,685,279</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	19	–	4,306
PROVISIONS			
Deferred taxation	21	1,160,893	1,135,415
NET ASSETS		<u>10,482,816</u>	<u>11,545,558</u>
CAPITAL AND RESERVES			
Called up share capital	24	200,000	200,000
Revaluation reserve	25	841,106	841,106
Capital redemption reserve	25	30,000	30,000
Profit and loss account	25	9,411,710	10,474,452
MEMBERS FUNDS		<u>10,482,816</u>	<u>11,545,558</u>

These financial statements were approved by the board of directors and authorised for issue on 14th May 2018, and are signed on behalf of the board by:



Graeme D Robertson
Chairman

Company registration number: SC038450

The notes on pages 16 to 30 form part of these consolidated financial statements.

A & J ROBERTSON (GRANITE) LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31st DECEMBER 2017

	Called up share capital £	Revaluation reserve £	Capital redemption reserve £	Profit and loss account £	Total £
AT 1st JANUARY 2016	200,000	1,558,684	30,000	1,837,157	3,625,841
Profit for the year				7,972,401	7,972,401
Other comprehensive income for the year:					
Reclassification from revaluation reserve to profit and loss account	—	(618,794)	—	618,794	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	—	(618,794)	—	8,591,195	7,972,401
Dividends paid and payable 13	—	—	—	(60,000)	(60,000)
TOTAL INVESTMENTS BY AND DISTRIBUTIONS TO OWNERS	—	—	—	(60,000)	(60,000)
AT 31st DECEMBER 2016	200,000	939,890	30,000	10,368,352	11,538,242
Loss for the year				(861,099)	(861,099)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	—	—	—	(861,099)	(861,099)
Dividends paid and payable 13	—	—	—	(200,000)	(200,000)
TOTAL INVESTMENTS BY AND DISTRIBUTIONS TO OWNERS	—	—	—	(200,000)	(200,000)
AT 31st DECEMBER 2017	<u>200,000</u>	<u>939,890</u>	<u>30,000</u>	<u>9,307,253</u>	<u>10,477,143</u>

The notes on pages 16 to 30 form part of these consolidated financial statements.

A & J ROBERTSON (GRANITE) LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31st DECEMBER 2017

	Called up share capital £	Revaluation reserve £	Capital redemption reserve £	Profit and loss account £	Total £
AT 1st JANUARY 2016	200,000	1,459,900	30,000	1,944,054	3,633,954
Profit for the year				7,971,604	7,971,604
Other comprehensive income for the year:					
Reclassification from revaluation reserve to profit and loss account	—	(618,794)	—	618,794	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	—	(618,794)	—	8,590,398	7,971,604
Dividends paid and payable 13	—	—	—	(60,000)	(60,000)
TOTAL INVESTMENTS BY AND DISTRIBUTIONS TO OWNERS	—	—	—	(60,000)	(60,000)
AT 31st DECEMBER 2016	200,000	841,106	30,000	10,474,452	11,545,558
Loss for the year				(862,742)	(862,742)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	—	—	—	(862,742)	(862,742)
Dividends paid and payable 13	—	—	—	(200,000)	(200,000)
TOTAL INVESTMENTS BY AND DISTRIBUTIONS TO OWNERS	—	—	—	(200,000)	(200,000)
AT 31st DECEMBER 2017	<u>200,000</u>	<u>841,106</u>	<u>30,000</u>	<u>9,411,710</u>	<u>10,482,816</u>

The notes on pages 16 to 30 form part of these consolidated financial statements.

A & J ROBERTSON (GRANITE) LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31st DECEMBER 2017

	2017 £	2016 £
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit for the financial year	(861,099)	7,972,401
<i>Adjustments for:</i>		
Depreciation of tangible assets	141,307	48,568
Associated undertakings impairment	826	33,903
Gain on disposal of fixed assets	(5,506)	(10,465,570)
Interest payable	8,091	43,885
Tax on (loss)/profit	(253,938)	1,981,956
Accrued (income)/expenses	(2,111,950)	1,960,464
<i>Changes in:</i>		
Stocks	(13,115)	144,456
Trade and other debtors	9,064,016	(9,217,945)
Trade and other creditors	(357,874)	548,260
Cash generated from operations	5,610,758	(6,949,622)
Interest paid	(8,091)	(43,885)
Tax paid	(621,378)	(1,609)
Net cash from operating activities	<u>4,981,289</u>	<u>6,995,116</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible assets	(569,427)	(6,034,456)
Proceeds from sale of tangible assets	12,333	11,431,699
Purchases of other investments	(36,495)	(37,470)
Net cash used in investing activities	<u>(593,589)</u>	<u>(5,359,773)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	(1,994,875)	—
Payments of finance lease liabilities	(8,613)	(8,612)
Dividends paid	(200,000)	(60,000)
Net cash (used in)/from financing activities	<u>(2,203,488)</u>	<u>(68,612)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	2,184,212	(1,703,955)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	336,113	45,193
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>2,520,325</u>	<u>(1,658,762)</u>

The notes on pages 16 to 30 form part of these consolidated financial statements.

A & J ROBERTSON (GRANITE) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 2017

1. GENERAL INFORMATION

A&J Robertson (Granite) Limited, the subsidiary company and the associated undertaking companies are limited by shares. Included in the consolidated balance sheet is the company's interest in a Limited Liability Partnership. The company, the subsidiary and the associates were incorporated in the UK and the registered office of the company is Robertson Granite, Silvertrees Drive, Westhill, Aberdeen, AB32 6BH.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' with the exception of Section 28 of FRS 102. In the consolidated balance sheet and the company's balance sheet, the pension deficit has not been reflected as is required by Section 28 of FRS 102.

3. ACCOUNTING POLICIES

Basis of Preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit and loss account.

The functional currency of A&J Robertson (Granite) Limited and its subsidiary and associated undertakings is considered to be pound sterling because that is the currency of the primary economic environment in which the company operates.

Going Concern

The directors are of the opinion that the company can continue to meet its obligations as they fall due for the foreseeable future. As a consequence, the directors have prepared the financial statements on the going concern basis.

Disclosure Exemptions

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

- (a) No cash flow statement has been presented for the company.
- (b) Disclosures in respect of financial instruments have not been presented for the company.
- (c) No disclosure has been given for the aggregate remuneration of key management personnel for the company.

Consolidation

The financial statements consolidate the financial statements of A & J Robertson (Granite) Limited and its subsidiary undertaking. The results of subsidiaries acquired or disposed of during the year are included from or to the date that control passes. The parent company has applied the exemption contained in section 408(3) of the Companies Act 2006 and has not included its individual profit and loss account.

Baldarroch Crematorium Limited, BLF Properties Limited and Robertson & Lloyd LLP are associated undertakings.

A & J ROBERTSON (GRANITE) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31st DECEMBER 2017

3. ACCOUNTING POLICIES *(continued)*

Judgements and Key Sources of Estimation Uncertainty

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The areas where judgement and estimation are used are in calculating bad debt provision, stock provision and in rates used for the depreciation of tangible assets.

Revenue Recognition

The turnover shown in the profit and loss account represents amounts invoiced for work done during the year, exclusive of Value Added Tax, subject to adjustments for accrued and deferred income.

Turnover of goods is recognised when the ownership of the goods have been passed to the customer. Turnover of services is recognised when obligations have been performed.

Revenue from work done is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

Taxation

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

Deferred tax 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 tax in the future or a right to pay less tax 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 tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property using the revaluation model is measured using tax rates and allowances that apply to sale of the asset.

Operating Leases

Rentals under operating leases are charged on a straight line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight line basis over the lease term.

A & J ROBERTSON (GRANITE) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31st DECEMBER 2017

3. ACCOUNTING POLICIES *(continued)*

Rental Income

The lease agreements of properties where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred by the Group in negotiating and arranging operating leases are immediately recognised as an expense in profit or loss.

Exceptional Items

Exceptional items are unusually large and uncommon transactions that require separate disclosure in order to separate normal business transactions from unusual ones. Such disclosure is considered necessary to present a better understanding of the years trading results.

Tangible Assets

Land & Buildings

All land and buildings are initially recorded at deemed cost.

Other Fixed Assets

All other fixed assets are initially recorded at cost.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or deemed cost, less estimated residual value, of each asset over its expected useful life, as follows:

Freehold property	-	Straight line over periods varying between 20 and 50 years
Short leasehold property	-	Straight line over period of the lease
Plant and machinery	-	Straight line over periods varying between two to twenty years
Office furniture and equipment	-	Straight line over periods varying between two to ten years
Motor vehicles	-	Straight line over periods varying between three to five years

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

The directors reviewed and revised their accounting estimates with regard to the useful lives and residual values of each of the company's freehold buildings as at 31 December 2017. The directors will continue to reassess their accounting estimates with regard to the useful lives and residual values of each of the company's freehold buildings on an annual basis.

Investments

In the company balance sheet, investments in subsidiaries and associates are measured at cost less impairment.

In the consolidated financial statements, investments in associates are measured at cost less impairment. Cost represents the transaction price, including transaction costs.

A & J ROBERTSON (GRANITE) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31st DECEMBER 2017

3. ACCOUNTING POLICIES *(continued)*

Stock and Work in Progress

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost is determined using the average cost method as supplier prices fluctuate and stock can be slow moving.

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads.

Finance Leases and Hire Purchase Contracts

Assets held under finance lease, hire purchase contracts and other similar arrangements, 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 (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) 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 provide a constant periodic rate of interest on the remaining balance of the liability.

Pension Funding

The Company operates a defined benefit pension scheme under which the Trustees have ceased the accrual of benefits. Payments to this scheme continue to be made in accordance with actuarial advice. The Company operates a defined contribution pension scheme. The assets of this scheme are held separately from those of the Company, being invested with an insurance company. The pension cost charge for the year represents the amounts payable in respect of the year covered by these Financial Statements.

Foreign Currencies

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities are translated at the sterling exchange rate prevailing at the balance sheet date.

Financial Instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liability.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit and loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

A & J ROBERTSON (GRANITE) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31st DECEMBER 2017

3. ACCOUNTING POLICIES *(continued)*

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

4. TURNOVER

Turnover arises from:

	2017 £	2016 £
Sales of goods	3,716,901	3,816,634
Services rendered	1,265,363	1,179,104
	<u>4,982,264</u>	<u>4,995,738</u>

The whole of the turnover is attributable to the principal activity of the group wholly undertaken in the United Kingdom.

5. OTHER OPERATING INCOME

	2017 £	2016 £
Rental income	<u>70,105</u>	<u>56,674</u>

6. OPERATING LOSS

Operating loss is stated after charging:

	2017 £	2016 £
Operating lease costs	137,188	120,719
Defined contribution pension scheme costs	122,441	80,474
Defined benefit pension scheme costs	379,431	144,090
Depreciation of owned fixed assets	131,882	38,358
Depreciation of assets held under hire purchase agreements	<u>9,425</u>	<u>10,210</u>

7. AUDITOR'S REMUNERATION

	2017 £	2016 £
Fees payable to the company's auditor:		
Audit services	<u>10,200</u>	<u>10,200</u>

A & J ROBERTSON (GRANITE) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31st DECEMBER 2017

8. STAFF COSTS

The average number of persons employed by the group during the year, including the directors, amounted to:

	2017 No.	2016 No.
Production staff	23	26
Number of management, administration and sales staff	70	69
	<u>93</u>	<u>95</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2017 £	2016 £
Wages and salaries	1,798,447	1,878,775
Social security costs	152,181	159,554
Other pension costs	473,821	201,823
	<u>2,424,449</u>	<u>2,240,152</u>

9. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services was:

	2017 £	2016 £
Remuneration	268,028	288,586
Company contributions to defined contribution pension plans	65,725	24,801
	<u>333,753</u>	<u>313,387</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2017 No.	2016 No.
Defined contribution plans	<u>3</u>	<u>3</u>

Remuneration of the highest paid director in respect of qualifying services:

	2017 £	2016 £
Aggregate remuneration	92,886	105,479
Company contributions to defined contribution pension plans	50,044	10,642
	<u>142,930</u>	<u>116,121</u>

One director (2016: two) have accrued benefits under the Group's Defined Benefit Pension Scheme and three directors (2016: three) are accruing benefits under the Group's Money Purchase Pension Scheme.

10. INTEREST PAYABLE

	2017 £	2016 £
Interest on banks loans and overdrafts	6,859	41,259
Other interest payable and similar charges	1,232	2,626
	<u>8,091</u>	<u>43,885</u>

A & J ROBERTSON (GRANITE) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31st DECEMBER 2017

11. EXCEPTIONAL ITEM

During the year, the company was the victim of a computer fraud of £256,000 which was carried out by an unknown person or persons. The matter is being investigated and being dealt with by the Police authorities.

12. TAX ON (LOSS)/PROFIT

Major components of tax (income)/expense

	2017 £	2016 £
Current tax:		
UK current tax (income)/expense	(273,427)	896,708
Adjustments in respect of prior periods	(4,346)	—
Total current tax	<u>(277,773)</u>	<u>896,708</u>
Deferred tax:		
Origination and reversal of timing differences	23,835	1,085,248
Tax on (loss)/profit	<u>(253,938)</u>	<u>1,981,956</u>

Reconciliation of tax (income)/expense

The tax assessed on the loss on ordinary activities for the year is lower than (2016: lower than) the standard rate of corporation tax in the UK of 19.25% (2016: 20%).

	2017 £	2016 £
(Loss)/profit on ordinary activities before taxation	<u>(1,114,211)</u>	<u>9,988,260</u>
(Loss)/profit on ordinary activities by rate of tax	(214,486)	1,997,652
Effect of expenses not deductible for tax purposes	60,241	3,942
Capital allowances for year more than depreciation	(71,095)	(61,313)
Rollover relief	(39,309)	—
Gain on sale of fixed assets	—	(2,091,314)
Chargeable gain	—	1,047,741
Tax rate adjustment	(8,778)	—
Over provision in prior years	(4,346)	—
Deferred tax	23,835	1,085,248
Tax on (loss)/profit	<u>(253,938)</u>	<u>1,981,956</u>

Factors that may affect future tax income

Based on current capital investment plans, the group expects to claim capital allowances at a similar level to depreciation in future years.

A & J ROBERTSON (GRANITE) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31st DECEMBER 2017

13. DIVIDENDS

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2017 £	2016 £
Dividends on equity shares	<u>200,000</u>	<u>60,000</u>

14. TANGIBLE ASSETS

Group	Freehold property £	Short leasehold property £	Plant and machinery £	Office Furniture & Equipment £	Motor vehicles £	Total £
Cost						
At 1 Jan 2017	7,330,422	162,308	1,014,871	114,159	154,432	8,776,192
Additions	196,544	–	183,130	120,323	69,430	569,427
Disposals	–	–	(2,445)	(30,304)	(48,519)	(81,268)
At 31 Dec 2017	<u>7,526,966</u>	<u>162,308</u>	<u>1,195,556</u>	<u>204,178</u>	<u>175,343</u>	<u>9,264,351</u>
Depreciation						
At 1 Jan 2017	–	89,509	155,916	106,967	88,942	441,334
Charge for the year	49,132	7,253	38,154	10,984	35,784	141,307
Disposals	–	–	(2,445)	(30,304)	(41,692)	(74,441)
At 31 Dec 2017	<u>49,132</u>	<u>96,762</u>	<u>191,625</u>	<u>87,647</u>	<u>83,034</u>	<u>508,200</u>
Carrying amount						
At 31 Dec 2017	<u>7,477,834</u>	<u>65,546</u>	<u>1,003,931</u>	<u>116,531</u>	<u>92,309</u>	<u>8,756,151</u>
At 31 Dec 2016	<u>7,330,422</u>	<u>72,799</u>	<u>858,955</u>	<u>7,192</u>	<u>65,490</u>	<u>8,334,858</u>

All the Freehold Land and Buildings were professionally revalued at market values on the basis of existing use as at 31st December 2005. This valuation has been used as the deemed cost on transition to FRS 102.

Hire Purchase Agreements

Included within the net book value of £8,756,151 is £3,927 (2016 - £13,352) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £9,425 (2016 - £10,210).

A & J ROBERTSON (GRANITE) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

YEAR ENDED 31st DECEMBER 2017

Company	Freehold property £	Short leasehold property £	Plant and machinery £	Office Furniture & Equipment £	Motor vehicles £	Total £
Cost						
At 1 Jan 2017	6,354,422	162,308	1,014,871	114,159	154,432	7,800,192
Additions	196,544	–	183,130	120,323	69,430	569,427
Disposals	–	–	(2,445)	(30,304)	(48,519)	(81,268)
At 31 Dec 2017	<u>6,550,966</u>	<u>162,308</u>	<u>1,195,556</u>	<u>204,178</u>	<u>175,343</u>	<u>8,288,351</u>
Depreciation						
At 1 Jan 2017	–	89,509	155,916	106,967	88,942	441,334
Charge for the year	49,132	7,253	38,154	10,984	35,784	141,307
Disposals	–	–	(2,445)	(30,304)	(41,692)	(74,441)
At 31 Dec 2017	<u>49,132</u>	<u>96,762</u>	<u>191,625</u>	<u>87,647</u>	<u>83,034</u>	<u>508,200</u>
Carrying amount						
At 31 Dec 2017	<u>6,501,834</u>	<u>65,546</u>	<u>1,003,931</u>	<u>116,531</u>	<u>92,309</u>	<u>7,780,151</u>
At 31 Dec 2016	<u>6,354,422</u>	<u>72,799</u>	<u>858,955</u>	<u>7,192</u>	<u>65,490</u>	<u>7,358,858</u>

All the Freehold Land and Buildings were professionally revalued at market values on the basis of existing use as at 31st December 2005. This valuation has been used as the deemed cost on transition to FRS 102.

Hire Purchase Agreements

Included within the net book value of £7,780,151 is £3,927 (2016 - £13,352) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £9,425 (2016 - £10,210).

15. Investments

Group	Investment in Associated Undertakings £	Loans to Associated Undertakings £	Total £
Cost			
At 1st January 2017	50,100	263,611	313,711
Additions	–	36,495	36,495
At 31st December 2017	<u>50,100</u>	<u>300,106</u>	<u>350,206</u>
Impairment			
At 1st January 2017	–	33,903	33,903
Additions	–	826	826
At 31st December 2017	<u>–</u>	<u>34,729</u>	<u>34,729</u>
Net Book Value			
At 31st December 2017	<u>50,100</u>	<u>265,377</u>	<u>315,477</u>
At 31st December 2016	<u>50,100</u>	<u>229,708</u>	<u>279,808</u>

A & J ROBERTSON (GRANITE) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31st DECEMBER 2017

15. Investments *(continued)*

	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
Associated undertakings				
BLF Properties Limited	Scotland	Ordinary shares & loan	25%	Non trading
Baldarroch Crematorium Limited	Scotland	Ordinary shares & loan	28.57%	Crematorium
Robertson & Lloyd LLP	England	Investment	50%	Non trading

The aggregate of BLF Properties Limited share capital and reserves as at 31st July 2017 amounted to £(4,907) (2016 - £(4,227)). The loss for the year amounted to £(680) (2016 - £(664)).

The aggregate of Baldarroch Crematorium Limited share capital and reserves as at 31st December 2017 amounted to £59,959 (2016 - £62,603). The loss for the year amounted to £(2,664) (2016 - £(90,918)).

The company's share of the loss in Robertson & Lloyd LLP for the year ended 31st May 2017 amounted to £584 (2016 - £480). The company's share of members interest at 31st May 2017 was £47,549 (2016 - £28,784).

Company	Subsidiary Company	Investment in Associated Undertakings	Loans to Associated Undertakings	Total
Cost	£	£	£	£
At 1st January 2017	399,536	50,100	263,611	713,247
Additions	—	—	36,495	36,495
At 31st December 2017	<u>399,536</u>	<u>50,100</u>	<u>300,106</u>	<u>749,742</u>
Impairment				
At 1st January 2017	—	—	33,903	33,903
Additions	—	—	826	826
At 31st December 2017	<u>—</u>	<u>—</u>	<u>34,729</u>	<u>34,729</u>
Net Book Value				
At 31st December 2017	<u>399,536</u>	<u>50,100</u>	<u>265,377</u>	<u>715,013</u>
At 31st December 2016	<u>399,536</u>	<u>50,100</u>	<u>229,708</u>	<u>679,344</u>

A & J ROBERTSON (GRANITE) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31st DECEMBER 2017

15. Investments *(continued)*

	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
Subsidiary undertaking				
H Stevenson & Sons Limited	England	Ordinary shares	100%	Non trading
Associated undertakings				
BLF Properties Limited	Scotland	Ordinary shares & loan	25%	Non trading
Baldarroch Crematorium Limited	Scotland	Ordinary shares & loan	28.57%	Crematorium
Robertson & Lloyd LLP	England	Investment	50%	Non trading

Associates and other investments

The aggregate of BLF Properties Limited share capital and reserves as at 31st July 2017 amounted to £(4,907) (2016 - £(4,227)). The loss for the year amounted to £(680) (2016 - £(664)).

The aggregate of Baldarroch Crematorium Limited share capital and reserves as at 31st December 2017 amounted to £59,959 (2016 - £62,603). The loss for the year amounted to £(2,644) (2016 - £(90,918)).

The company's share of the loss in Robertson & Lloyd LLP for the year ended 31st May 2017 amounted to £584 (2016 - £480). The company's share of members interest at 31st May 2017 was £47,549 (2016 - £28,784).

16. STOCKS

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Raw materials and consumables	561,785	560,297	561,785	560,297
Work in progress	23,600	23,994	23,600	23,994
Finished goods and goods for resale	18,432	6,411	18,432	6,411
	<u>603,817</u>	<u>590,702</u>	<u>603,817</u>	<u>590,702</u>

17. DEBTORS

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	266,603	266,214	266,603	266,214
Amounts owed by group undertakings	—	—	576,463	576,463
Prepayments and accrued income	455,892	9,517,854	455,892	9,517,854
	<u>722,495</u>	<u>9,784,068</u>	<u>1,298,958</u>	<u>10,360,531</u>

Amounts owed by group undertaking is an interest free loan between parent and subsidiary, H Stevensons & Sons Limited. There are no fixed repayment terms and the loan is repayable on demand.

A & J ROBERTSON (GRANITE) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31st DECEMBER 2017

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Bank loans and overdrafts	–	1,994,875	–	1,994,875
Payments received on account	598,244	597,756	598,244	597,756
Trade creditors	293,959	710,175	293,959	710,175
Accruals and deferred income	217,911	2,329,861	217,911	2,329,861
Corporation tax	–	896,708	–	896,708
Social security and other taxes	160,135	102,281	160,135	102,281
Obligations under finance leases and hire purchase contracts	4,306	8,613	4,306	8,613
	<u>1,274,555</u>	<u>6,640,269</u>	<u>1,274,555</u>	<u>6,640,269</u>

The Clydesdale Bank plc holds two floating charges over the assets and undertakings of the company. They hold a legal first charge over freehold properties at 1 Park Royal Road, London and Silvertrees Drive, Westhill, Aberdeen.

Liabilities in respect of hire purchase agreements are secured over the related fixed assets.

19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Obligations under finance leases and hire purchase contracts	–	4,306	–	4,306

Liabilities in respect of hire purchase agreements are secured over the related fixed assets.

20. FINANCE LEASES AND HIRE PURCHASE CONTRACTS

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Not later than 1 year	4,306	8,613	4,306	8,613
Later than 1 year and not later than 5 years	–	4,306	–	4,306
	<u>4,306</u>	<u>12,919</u>	<u>4,306</u>	<u>12,919</u>

A & J ROBERTSON (GRANITE) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31st DECEMBER 2017

21. PROVISIONS

Group	Deferred tax (note 22) £
At 1st January 2017	1,142,732
Accelerated capital allowances	44,265
Revaluation indexation movement	(6,479)
Rolled over gains on property	(13,951)
At 31st December 2017	1,166,567

Company	Deferred tax (note 22) £
At 1st January 2017	1,135,415
Accelerated capital allowances	44,265
Revaluation indexation movement	(4,836)
Rolled over gains on property	(13,951)
At 31st December 2017	1,160,893

22. DEFERRED TAX

The deferred tax included in the balance sheet is as follows:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Included in provisions (note 21)	<u>1,166,567</u>	<u>1,142,732</u>	<u>1,160,893</u>	<u>1,135,415</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Accelerated capital allowances	113,015	68,750	113,015	68,750
Revaluation of tangible assets	41,618	48,097	35,944	40,780
Rolled over gains on property	<u>1,011,934</u>	<u>1,025,855</u>	<u>1,011,934</u>	<u>1,025,885</u>
	<u>1,166,567</u>	<u>1,142,732</u>	<u>1,160,893</u>	<u>1,135,415</u>

23. PENSIONS

The company operates a defined benefits pension scheme. The latest actuarial valuation as at 1st April 2015 shows an actuarial deficit of £766,000. Actuarial valuations are performed every three years. The company now operates a defined contribution pension scheme. Payments to the defined benefits pension scheme will still be made in accordance with actuarial advice. During the year ended 31st December 2017, the company made an additional payment, over and above the figure advised by the actuary, of £230,000 to the defined benefit pension scheme. Since the actuarial valuation at 1st April 2015, the company's total contributions to the defined benefit pension scheme up to 31st December 2017 amounted to £606,000. On 14th March 2012 a secondary floating charge was granted over the assets of the group in favour of the A & J Robertson (Granite) Ltd Pension & Life Assurance Scheme.

A & J ROBERTSON (GRANITE) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31st DECEMBER 2017

24. CALLED UP SHARE CAPITAL

Issued, called up and fully paid

	2017		2016	
	No.	£	No.	£
Ordinary shares of £1 each	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>

25. RESERVES

Revaluation reserve - This reserve records the value of asset revaluations and fair value movements on assets recognised in other comprehensive income.

Capital redemption reserve - This reserve records the nominal value of shares repurchased by the company.

Profit and loss account - This reserve records retained earnings and accumulated losses.

26. FINANCIAL INSTRUMENTS

The carrying amount for each category of financial instrument is as follows:

Financial assets that are debt instruments measured at amortised cost

	Group	
	2017	2016
	£	£
Financial assets that are debt instruments measured at amortised cost	<u>266,603</u>	<u>266,614</u>

Financial assets that are equity instruments measured at cost less impairment

	Group	
	2017	2016
	£	£
Financial assets that are equity instruments measured at cost less impairment	<u>315,477</u>	<u>279,808</u>

Financial liabilities measured at amortised cost

	Group	
	2017	2016
	£	£
Financial liabilities measured at amortised cost	<u>896,509</u>	<u>3,315,725</u>

27. OPERATING LEASES

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

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Not later than 1 year	<u>94,737</u>	<u>144,685</u>	<u>94,737</u>	<u>144,685</u>
Later than 1 year and not later than 5 years	<u>196,609</u>	<u>242,054</u>	<u>196,609</u>	<u>242,054</u>
Later than 5 years	<u>132,542</u>	<u>165,062</u>	<u>132,542</u>	<u>165,062</u>
	<u>423,888</u>	<u>551,801</u>	<u>423,888</u>	<u>551,801</u>

A & J ROBERTSON (GRANITE) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31st DECEMBER 2017

28. RELATED PARTY TRANSACTIONS

During the year the company paid dividends to directors (including dividends paid to a family trust) totalling £196,000 (2016 - £58,800).

The company has taken advantage of the exemption available under FRS 102 paragraph 33.1A not to disclose related party transactions entered into between two or more members of a group where any subsidiary that is party to the transaction is wholly owned by such a member. At 31 December 2017 the subsidiary, H Stevenson & Son Limited was due £576,463 to the company (2016 - £576,463). The loan is interest free and repayable on demand.

The company operates a pension scheme on behalf of employees, with the funds being held separately from the company. The Company's contributions to the defined benefit pension scheme during the year amounted to £350,000 (2016 - £120,000). Other costs incurred by the Company relating to the defined benefit pension scheme during the year amounted to £29,431 (2016 - £24,090).

The company sold stock to Baldarroch Crematorium Limited of £5,225 (2016 - £18,997) during the year. Included in trade debtors is the balance of £176 (2016 - £8,660) which is outstanding at the year end.

The key management personnel are considered to be the Directors and their remuneration is disclosed at Note 9 to the Financial Statements.