Cruden Building (East) Limited

(formerly known as Hart Builders (Edinburgh) Limited)

Annual report and financial statements
Registered number SC030263
31 March 2022

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Directors and Advisors

Directors	AJ Callaghan (appointed 1 April 2021) C Giblett (appointed 1 June 2021) KD Reid EJE Haggerty S Simpson M Cooper (resigned 16 September 2021)
Company Secretary	P Dimond
Registered office	16 Walker Street Edinburgh EH3 7LP
Auditor	RSM UK Audit LLP Third Floor Centenary House 69 Wellington Street Glasgow G2 6HG
Principal banker	Royal Bank of Scotland plc 36 St Andrew Square Edinburgh EH2 2AD
Solicitors	Burness Paull LLP 50 Lothian Road Festival Square Edinburgh EH3 9WJ

Strategic Report

The directors present their Strategic Report together with the financial statements for the year ended 31 March 2022.

Principal Activities and Operating Review

Effective on 1 February 2022, the entire business, trade and assets of the Company were sold to Cruden Building (West) Limited (now Cruden Building (Scotland) Limited), a sister company under common control, and subsidiary of immediate parent company Cruden Building Holdings Limited and ultimate parent company Cruden Holdings Limited.

Prior to the sale, the Company's principal activities were as follows:

- The new build construction and refurbishment of residential housing, both for clients in the private and public sector.
- Construction for clients involved in the provision of health, social care and educational services.

Following the sale, the Company no longer trades.

Financial Summary

Prior to the sale, and as shown in the Company's profit and loss account on page 10, the Company's loss for the period before taxation was £0.4 million (*2021: loss £6.4 million*) based on turnover of £54.6 million (*2021: £64.9 million*).

As a result of this period's trading activities and subsequent transfer of the business, trade and assets, the Company's net asset value now stands at £Nil (*2021: £0.4 million*).

People

As part of the sale, all employees were transferred to Cruden Building (West) Limited.

Section 172 Companies Act 2006 Statement

The Cruden group is headed by Cruden Holdings Limited and therefore all subsidiaries are subject to and abide by Group policies and procedures. The governance framework of the Group delegates local decision making for operational matters to business units which are constituted as operating subsidiaries, each of whom has their own board of directors. Reports are regularly made to the Group Board on each business unit covering strategy, risk, performance and key decisions taken in order to provide the Group Board with assurance that proper consideration is given to stakeholder interest in decision making.

The culture of the Company has been embedded within the Cruden group brand – 'Firm foundations, flexible thinking'.

The same approach to business has run through the Company's engagement with other key stakeholder groups, including customers, employees, and the Company's subcontractors and supply chain.

Signed by order of the Board

PDimond

P Dimond
Secretary
29 September 2022
16 Walker Street, Edinburgh, EH3 7LP

Directors' Report

The directors present their report and financial statements of the Company for the year ended 31 March 2022.

Dividends

The directors did not propose the payment of a dividend (*2021: £Nil*).

Name change

On 1 June 2021 the company changed its name from Hart Builders (Edinburgh) Limited to Cruden Building (East) Limited.

Sale of Business Operations

Effective on 1 February 2022, the entire business, trade and assets of the Company were sold to Cruden Building (West) Limited (now Cruden Building (Scotland) Limited), a sister company under common control, and subsidiary of immediate parent company Cruden Building Holdings Limited and ultimate parent company Cruden Holdings Limited. Following the sale, the Company no longer trades.

Directors

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

AJ Callaghan (appointed 1 April 2021)
C Giblett (appointed 1 June 2021)
KD Reid
EJE Haggerty
S Simpson
M Cooper (resigned 16 September 2021)

The Company maintains appropriate insurance for directors of the Company against any liability incurred in the execution of their duties.

Financial instruments

Details of the Company's financial instruments are given in notes 10, 11 and 15 to the financial statements.

Political contributions

The Company made no political donations or incurred any political expenditure during the year (*2021: £Nil*).

Streamlined Energy and Carbon Report ('SECR')

The Company's energy and carbon information is included within the Energy and Carbon report of its ultimate parent company, Cruden Holdings Limited.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditors

RSM UK Audit LLP were appointed as auditor to the company and in accordance with section 487 of the Companies Act 2006, RSM UK Audit LLP, is deemed to be reappointed.

Signed by order of the Board

P Dimond
Secretary
29 September 2022
16 Walker Street, Edinburgh, EH3 7LP

Statement of Directors' Responsibilities in Respect of the Strategic Report, the Directors' Report and the Financial Statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 judgements and estimates that are reasonable and prudent; 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 its 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 Cruden Building (East) Limited

Opinion

We have audited the financial statements of Cruden Building (East) Limited (the 'company') for the year ended 31 March 2022 which comprise the Profit and Loss account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and notes to the financial statements, including 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its 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 opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

Independent Auditor's Report *(continued)*

- 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 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.

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, 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; or

Responsibilities of directors
As explained more fully in the directors' responsibilities statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 company or to cease operations, or have no realistic alternative but to do so.

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

The extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;

Independent Auditor's Report *(continued)*

- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included agreeing the financial statement disclosures to underlying supporting documentation, review of board and committee meeting minutes and enquiries with management.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety. We performed audit procedures to inquire of management whether the company is in compliance with these law and regulations and inspected correspondence with regulatory authorities

The audit engagement team identified the risk of management override of controls and management bias in accounting estimates as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business. We evaluated whether there was evidence of bias by management in accounting estimates that represented a risk of material misstatement due to fraud. We challenged assumptions and judgements made by management in their significant accounting estimates, in particular in relation to contract accounting, including the expected margin through assessment of post year end performance and stage of completion, through discussions with the relevant individuals, corroborating evidence provided and inspection of year end valuations.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Alan Aitchison

Alan Aitchison (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Third Floor
Centenary House
69 Wellington Street
Glasgow

Date: 06/10/22

Profit and Loss Account and Other Comprehensive Income
for year ended 31 March 2022

	Note	2022	2021
		Total	Total
		£000	£000
Turnover	2	54,592	64,877
Cost of sales		(50,091)	(66,137)
Gross profit /(loss)		4,501	(1,260)
Other operating income	3	-	1,221
Administrative expenses		(4,933)	(6,380)
Operating loss	3	(432)	(6,419)
Interest receivable and similar income	6	1	7
Interest payable and similar charges	7	(10)	-
Loss before taxation		(441)	(6,412)
Tax on loss	8	-	1,221
Loss for the financial year and total comprehensive income		(441)	(5,191)

The Company has no other comprehensive income other than the loss for the current year and the previous year.

The notes on pages 13 to 23 form an integral part of these financial statements.

Balance Sheet
at 31 March 2022

	Note	**2022**	2021
		£000	£000
Fixed assets			
Tangible assets	*9*	-	110
			110
Current assets			
Debtors	*10*	-	23,488
Cash at bank and in hand		-	1
			23,489
Creditors: amounts falling due within one year	*11*	-	(23,155)
Net current assets		-	334
Total assets less current liabilities		-	444
Provisions for liabilities			
Deferred tax liability	*12*	-	(3)
Net assets		-	441
Capital and reserves			
Called up share capital	*14*	**400**	400
Profit and loss account		**(400)**	41
Shareholders' funds		-	441

These financial statements were approved by the board of directors on 29 September 2022 and were signed on its behalf by:

K D Reid
Director

A J Callaghan
Director

Company registered number: SC030263.

The notes on pages 13 to 23 form an integral part of these financial statements.

Statement of Changes in Equity
for year ended 31 March 2022

	Called up share capital	Profit & loss account	Total equity
	£000	£000	£000
Balance at 1 April 2020	400	41	441
Total comprehensive income for the year			
Loss for the financial year	-	(5,191)	(5,191)
Total comprehensive income for the year	-	(5,191)	(5,191)
Balance at 31 March 2021 and 1 April 2021	**400**	**41**	**441**
Total comprehensive income for the year			
Loss for the financial year	-	(441)	(441)
Total comprehensive income for the year	-	(441)	(441)
Balance at 31 March 2022	**400**	**(400)**	**-**

The notes on pages 13 to 23 form an integral part of these financial statements.

Notes
(forming part of the financial statements)

1. Accounting policies

Cruden Building (East) Limited (the 'Company') is a private company limited by shares and is incorporated, domiciled and registered in the UK.

These financial statements were prepared in accordance with The Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS 102'). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, Cruden Holdings Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Cruden Holdings Limited are available to the public and may be obtained from 16 Walker Street, Edinburgh EH3 7LP. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Cruden Holdings Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosure:

- The disclosures required by *FRS 102.11 Basic Financial Instruments* and *FRS 102.12 Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

As disclosed in the Strategic Report, the Company has sold its business operations, no longer trades, and is now dormant. Any administrative costs which arise are likely to be met by another Group company.

1.1 Measurement convention
The financial statements are prepared on the historical cost basis except that the following items are stated at their fair value: financial instruments classified at fair value through the profit and loss account, and tangible fixed assets measured in accordance with the revaluation model.

1.2 Going concern
The status of the Company's business activities and current financial position are contained within the Strategic Report, financial statements and notes to the financial statements.

As disclosed in the Strategic Report, the Company has sold its business operations, no longer trades, and is now dormant. Any administrative costs which arise are likely to be met by another Group company.

1.3 Basic financial instruments

Trade and other debtors / creditors
Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

Notes *(continued)*

1 Accounting policies *(continued)*

1.3 Basic financial instruments *(continued)*

If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments
Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.4 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

The Company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. The estimated useful lives are as follows:

Plant and equipment	20% straight line
Fixtures and fittings	20% to 25% straight line

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

1.5 Construction contract debtors

Construction contract debtors represent the gross unbilled amount for contract work performed to date. They are measured at cost plus profit recognised to date (see the turnover accounting policy) less a provision for foreseeable losses and less progress billings. Variations are included in contract revenue when they are reliably measurable and it is probable that the customer will approve the variation itself and the revenue arising from the variation. Claims are included in contract revenue only when they are reliably measurable and negotiations have reached an advanced stage such that it is probable that the customer will accept the claim. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Company's contract activities based on normal operating capacity.

Construction contract debtors are presented within debtors as amounts recoverable on contracts. If payments received from customers exceed the income recognised, then the difference is presented within creditors as payments on account in excess of turnover in the balance sheet.

1.6 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)
A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Notes *(continued)*

1 Accounting policies *(continued)*

1.6 Impairment excluding stocks and deferred tax assets *(continued)*

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets
The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.7 Employee benefits

Defined contribution plans and other long term employee benefits
A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Group plans
A small number of the Company's employees were members of a group wide defined benefit pension plan. As there is no contractual agreement or stated group policy for charging the net defined benefit cost of the plan to participating entities, the net defined benefit cost of the pension plan and the net defined benefit liability are recognised fully by the company which is legally responsible for the plan, which is Cruden Investments Limited. The Company then recognises a cost equal to its contribution payable for the period.

Notes *(continued)*

1 Accounting policies *(continued)*

1.8 Turnover

The turnover and profit before tax are attributable to the principal activity of the company. All turnover originates in the United Kingdom.

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

1.9 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and interest payable

Interest payable and similar expenses include interest payable and unwinding of the discount on provisions. Borrowing costs are expensed as incurred when they are directly attributable to the construction of an asset that takes substantial time to prepare for use, are capitalised as part of that asset.

Other interest receivable and similar income include interest receivable on funds invested.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

1.10 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes *(continued)*

1 Accounting policies *(continued)*

1.11 Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

2. Turnover

Turnover and profit before tax are attributable to the principal activities of the Company. All turnover originates in the United Kingdom.

3. Expenses and auditor's remuneration

Included in the loss are the following:

	2022	2021
	£000	£000
Depreciation	**51**	76
Hire of plant and equipment	**1,441**	1,927
Operating lease costs	**10**	57
Coronavirus Job Retention Scheme reimbursement	**-**	(1,221)

During the prior year, the Company received support from the government under the Coronavirus Job Retention Scheme of *£1,221,485 (2021)* which is included in other operating income in the Profit and Loss Account. The scheme provided for the reimbursement of wages for employees who were placed on furlough leave.

The Company did not participate in the scheme during the current financial year to 31 March 2022.

Auditor's remuneration:

	2022	2021
	£000	£000
Audit of these financial statements	**-**	29

The auditor's remuneration of £25,000, for the current year, was borne by Cruden Building (Scotland) Limited.

Amounts payable to the Company's auditor in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information has instead been disclosed on a consolidated basis in the consolidated financial statements of the Company's intermediate parent, Cruden Investments Ltd.

Notes *(continued)*

4. Staff numbers and costs

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

	Number of employees	
	2022	2021
Production	**107**	136
Administration	**55**	74
	162	210

The aggregate payroll costs of these persons were as follows:

	2022	2021
	£000	£000
Wages and salaries	**7,570**	9,180
Social security costs	**805**	976
Contributions to defined contribution plans	**448**	543
Expenses related to defined benefit plans	**100**	120
	8,923	10,819

5. Directors' remuneration

	2022	2021
	£000	£000
Directors' remuneration	**320**	530
Contributions to defined contribution pension schemes	**23**	24
	343	554

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £163,910 (*2021: £209,261*). Contributions to a defined contribution scheme for the highest paid director were £Nil (*2021: £Nil*).

	Number of directors	
	2022	2021
Retirement benefits are accruing to the following number of directors under:		
Defined contribution schemes	-	3

Notes *(continued)*

6. Other interest receivable and similar income

	2022	2021
	£000	£000
Interest from group undertakings	**1**	7

7. Other interest payable and similar charges

	2022	2021
	£000	£000
Interest payable to group undertakings	**10**	-

8. Taxation

Total tax credit recognised in the profit and loss account

	2022	2021
	£000	£000
Current tax		
Current tax on income for the period	-	(1,223)
Total current tax	-	(1,223)
Deferred tax (see note 12)		
Origination and reversal of timing differences	-	2
Total deferred tax	-	2
Total tax	-	(1,221)

Reconciliation of effective tax rate

	2022	2021
	£000	£000
Loss for the year	**(441)**	(5,191)
Total tax expense	-	(1,221)
Loss excluding taxation	**(441)**	(6,412)
Tax using the UK corporation tax rate of 19% (*2021: 19%*)	**(84)**	(1,218)
Non-deductible expenses	-	(3)
Group relief surrendered for nil consideration	**84**	-
Total tax credit included in profit or loss	-	(1,221)

Notes *(continued)*

8. Taxation *(continued)*

Factors affecting the future current and total tax charges
Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2021 during the year and these changes are reflected within the tax figures. This included an increase to the main rate of corporation tax to 25% from 1 April 2023 and this is the rate which has been used in calculating deferred tax at the year end. Finance Act 2022 which received Royal Assent on 24 February 2022 will not have any impact on the corporation tax figures.

9. Tangible fixed assets

	Plant & machinery	Furniture & fittings	Total
	£000	**£000**	**£000**
Cost			
Balance at 1 April 2021	92	393	485
Additions	2	6	8
Disposals – sale of business and assets	(94)	(399)	(493)
Balance at 31 March 2022	-	-	-
Depreciation and impairment			
Balance at 1 April 2021	86	289	375
Depreciation charge for the year	2	49	51
Disposals – sale of business and assets	(88)	(338)	(426)
Balance at 31 March 2022	-	-	-
Net book value			
At 31 March 2021	6	104	110
At 31 March 2022	-	-	-

Notes *(continued)*

10. Debtors

	2022	2021
	£000	£000
Trade debtors	-	8,205
Amounts recoverable on contracts	-	3,914
Prepayments and accrued income	-	345
Other debtors	-	2,117
Group relief receivable	-	1,245
Amounts due from group undertakings	-	7,662
	-	23,488

Amounts owed by Group undertakings includes £Nil (*2021: £6,750,000*) relating to cash reserves of the Company that are swept up to the Cruden Holdings Group as part of a daily treasury routine.

11. Creditors: amounts falling due within one year

	2022	2021
	£000	*£000*
Trade creditors	-	9,188
Payments received on account	-	2,631
Accruals and deferred income	-	6,405
Other creditors	-	3,827
Other tax and social security	-	355
Amounts due to group undertakings	-	749
	-	23,155

12. Deferred tax liability

Deferred tax liabilities are attributable to the following:

	2022	2021
	£000	£000
Accelerated capital allowances	-	3

Notes *(continued)*

13. Employee benefits

Defined contribution plans
Prior to the sale, the Company operated a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £369,418 (*2021: £464,085*) as well as amounts payable to an external defined contribution scheme of £78,406 (*2021: £78,923*).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

Group plans
The Company was also a member of a larger group wide pension scheme providing benefits based on final pensionable pay. The scheme is set up under trust and the assets of the scheme are, therefore, held separately from those of the employers. The scheme was closed to future accrual with effect from 31 March 2005. Because the Company was unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS 102, the scheme has been accounted for in these financial statements as if the scheme was a defined contribution scheme.

The latest full actuarial valuation was carried out at 31 March 2019 and was updated for FRS 102 purposes to 31 March 2022 by a qualified independent actuary. In March 2022, the Trustees of the Scheme purchased an insurance policy to fully cover the liabilities of the Scheme.

The contribution for the period was £100,000 (*2021: £120,000*).

14. Share capital

	2022	2021
	£000	£000
Issued and fully paid		
4,000,000 Ordinary shares of £0.10 each	**400**	400

The holders of ordinary shares are entitled to receive dividends, as declared from time, to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally.

15. Contingent liabilities

There are contingent liabilities in respect of guarantees under contracting arrangements entered into by the Company in the normal course of business.

The bank holds a bond and floating charge over the assets of the Company for the obligations of Cruden Investments Limited, the Company's intermediate parent company.

Notes *(continued)*

16. Commitments under operating leases

The Company has future minimum lease payments under non-cancellable operating leases as follows:

	2022	2021
	£000	£000
Within one year	-	31
Between 2 and 5 years	-	16
	-	47

During the year £10,419 was recognised as an expense in the profit and loss account in respect of operating leases (*2021: £57,202*).

17. Related parties

As a member of Cruden Holdings Group, the Company is exempt from the requirements of FRS102.33 to disclose transactions with other members of the group headed by Cruden Holdings Limited.

There were no other related party transactions during the year or prior year.

18. Immediate and ultimate parent company

The immediate parent company is Cruden Building Holdings Limited and the ultimate parent company is Cruden Holdings Limited. Both companies are incorporated in Scotland.

The largest group in which the results of the Company are consolidated is that headed by Cruden Holdings Limited, incorporated in Scotland. The smallest group in which they are consolidated is that headed by Cruden Building Holdings Limited. The consolidated financial statements of these groups are available to the public and may be obtained from 16 Walker Street, Edinburgh, EH3 7LP.