Newlands (Elgin) Holdings Limited

Annual report and financial statements

Registered number SC559836

Year ended 30 June 2021

Contents

Strategic Report - Chairman's Statement

Newlands (Elgin) Holdings Ltd ("Newlands") operates as the Robertson family investment office and is responsible for managing all of the family business interests which includes investments directly owned by Newlands in addition to other family owned investments. Robertson Group Holdings Ltd ("RGHL" or "Robertson Group" or "the group") is Newlands' largest investment and is also a wholly owned subsidiary as represented in these financial statements. The family investment model is based on surplus capital generated by dividends from existing investments, including RGHL, being paid to Newlands and then selectively re-invested across the existing portfolio of businesses to support their continued growth or funding new business interests and investment opportunities that create value or are complementary to the activities of our businesses. It offers companies within the group a source of funding that allows the benefits of the cash generation in certain businesses of the group to be used by others, to further our investment strategies.

I am pleased to report on a strong set of results in what continues to be challenging times across our industry and the wider economy.

During the financial year, all of our businesses continued to work with restricted operations in some way but everyone across the group has worked with them and embraced them to ensure a safe working environment for all of our staff.

I would like to thank all of the employees across the group for their commitment and resilience throughout the year as we continued to adapted to an ever-changing environment, and challenging market conditions.

Despite the Covid-19 challenges, Robertson Group enjoyed a year of positive progress and trading. Turnover at £588m was at our budgeted level, as was our profit before tax of £17.1m. When compared to our last normal year of trading in 2019, we have delivered a healthy net margin of 2.9%, compared to 3.0% in 2019 (as a comparative period). This reflected our prudent assessment of provisions required in the previous financial year (2020) to address the challenges imposed by Covid-19 and assisted in our recovery this year. Our significant balance sheet strength and cash reserves built up from prior years trading performance, allowed us to meet the ongoing challenges of Covid-19 and successfully navigate through this financial year.

The group, as reported consists of 7 clearly defined business units, represented by 19 trading entities. We have a proud history of being a privately owned family business and reflecting the value created through operating separate businesses, we have evolved to become a family of businesses, each with a clear strategic plan focussed on their particular customers and markets. Our diversified portfolio of infrastructure based businesses produce a mix of long and short-term cash flows, profits and investments creating value and opportunity from a broad product and service offering to our markets. With a strong balance sheet, the group is in an excellent position to support future growth and new investment. Robertson is in a strong position to assure a sustainable future for our employees, our business partners, and the communities we serve.

Given the highly competitive marketplace, the group has at the core of its offering the delivery of an excellent quality product, on time and on budget. This continues to be a key differentiator in the current challenging climate of labour and material availability. The relationships we have built with our customer base, and supplier base allows us to work collaboratively to ensure the best outcome for all concerned in the project delivery.

Our regional construction business model is the sustainable base of the group that may be expanded geographically as and when we deem necessary, and our strategy of developing and investing in new products and services to deliver higher margins and value also allows other areas of the group to grow. We have shaped the business to a place where we are covering a greater geography and will continue this strategy of organic, geographical expansion when appropriate.

The Health and Safety of our employees, clients, supply chain partners and the general public is our number one priority. Our fundamental goal is that every person attending a Robertson site or office, returns home safely. Our "Home Safe" campaign launched in 2019 continues to be the bedrock of our policy and deals with behavioural safety as well as the mental wellbeing of our employees. All staff who attend sites must complete an online pre-enrolment process and can only attend one of our sites when cleared to do so.

Our offices were open during the year, but we operated a work at home policy where appropriate in order to comply with Covid-19 guidance. Like so many other companies we adapted to more flexible ways of working to positive effect. We continue to assess this working method for the post Covid environment and going forward plan to

Company information

Directors	W G Robertson H M Robertson E C Robertson S B Edgar
Secretary	I Wilson
Registered office	10 Perimeter Road Pinefield Industrial Estate Elgin IV30 6AE
Auditor	BDO LLP Citypoint 65 Haymarket Terrace Edinburgh EH12 5HD
Bankers	Santander UK plc 1st Floor 287-301 St Vincent Street Glasgow G2 5HN
Solicitors	Shepherd & Wedderburn Commercial House 2 Rubislaw Terrace Aberdeen AB10 1XE

Strategic Report - Chairman's Statement *(continued)*

implement a flexible working policy that fits both the requirements of the business and the welfare of our staff, which is likely to prompt a review of our office space requirements.

The group has a well-resourced and highly experienced health and safety team who ensure our standards, policies and procedures more than meet the requirements of a high-quality contractor.

Strategy

Our long-term strategy has been predicated on creating value from on-going trading relationships, long term investing, and selective quality workload. Our focus going forward will be on innovation, sustainability, productivity and improving profitability.

One of our key objectives continues to be cost certainty for us and for our clients. The front end, pre-construction phase is critical to that success. The construction market remains highly competitive, but our strategy of carefully selecting projects, and aiming to do this on a one-to-one basis as much as possible, gives us and our clients clarity, and certainty of outcome.

The current climate of price inflation and material and labour availability is a challenge for the industry.. We continue to work with our suppliers and sub contractors to manage the risk around price inflation. An ongoing commitment to training and apprenticeships helps us ensure a employee base that meets our, and our client's, needs.

Strong governance has always been a feature in the operation of a group as large and diverse as ours. This gives both myself and other shareholders, as well as external stakeholders, significant comfort. We have robust controls and governance procedures in place over cash management that ensured we were able to respond to the Covid-19 pandemic swiftly – our liquidity has stayed strong over the past financial year, and the group has not had the need to borrow externally. The group's strength has ensured it still remains debt free.

Business Highlights

Despite the challenges arising from the pandemic the group had a good year. Our longer-term strategy continues to have a positive effect on the business and we have a solid balance sheet and capital base. In relation to our core activities, we have seen a bounce back in performance with turnover of £588m (2020: £650m 15 month period). We increased profitability in the year, delivering Profit before Tax (PBT) of £17.1m.

Total net cash held at the year-end was £90.0m (2020:£58.7m). Robust cash management processes continue across the group and this allows the group to have certainty over funds available for future growth and investments.

Robertson Construction Group (RCG) delivered a robust trading performance with turnover of £462m. The success is due to our clearly defined regional business model, a continued focus on project selection and strong local supply chain relationships. The regional model plus the major project resource addresses the volume pressures within RCG which is enhanced by the numerous frameworks that we operate on. Further development of our Clear Futures partnership which connects public sector bodies with strategic delivery partners AECOM and Robertson provides the opportunity to focus on decarbonisation and regeneration and helps strengthen our relationships within the public sector. Our Civils division continues to strengthen delivering projects for its sister companies as well as external clients.

We completed the construction of a £87m project for Boeing to provide new hangar facilities at RAF Lossiemouth housing the new MoD fleet of Poseidon aircraft, as well as a new £53m community campus in Inverurie. The success of undertaking such projects and our experience of delivering large scale infrastructure has helped strengthen our brand and allows us to capitalise on future opportunities.

Robertson Facilities Management (RFM) saw turnover grow by 24% when compared to our last normal year of trading in 2019. Now employing over 1,400 staff, RFM continues to be a core part of the group's growth and value strategy through its extensive portfolio of long-term public sector contracts, delivering bespoke solutions across healthcare, education and commercial facilities across the UK. Since the year end it has been awarded contracts with Scottish Fire and Rescue and the NHS which will add significantly to annual turnover.

Strategic Report - Chairman's Statement *(continued)*

Our Urban Union business had its first year as a wholly owned subsidiary of the group. Focussing on urban regeneration projects the business continues to expand, currently operating 4 developments across Edinburgh and Glasgow. With a strong brand and excellent product offering there is significant scope to continue to expand this specialist regeneration business across the country.

The Robertson Capital Projects business has traditionally focussed on PFI and PPP projects however as these markets have evolved the business has been repositioned through the development of Clear Futures providing a flexible, collaborative partnership to overcome built environment challenges and drive change in their communities faster, smarter and sustainably.

Focusing on local needs and successful outcomes, Clear Futures helps the Public Sector develop efficient, value-based routes (including investment) to delivering strategic estate management, regeneration, decarbonisation, service transformation and more.

We have already delivered a number of regeneration and decarbonisation partnerships through Clear Futures including working in partnership with Durham County Council on the NETPark development in the North East which is one of the UK's top science, engineering and technology parks; and supporting three Greater Manchester Authorities in developing applications to secure £9.5m grant funding for zero carbon projects across 35 local authority buildings delivering £250k per annum efficiency savings.

Lewes and Eastbourne Councils (Founding participant) are also actively engaged with a pipeline of projects, including 'Levelling-Up' schemes and a Council Housing solution to deliver their Net Zero retrofit ambitions.

Robertson Property has recently been selected as the preferred bidder for a new Arena in Cardiff, Wales. This will be the largest project undertaken within our property company and will provide a large project for our major projects team in due course.

Communities

Reflecting our regional business model, the business is committed to ensuring that local communities and economies have the opportunity to benefit from the presence of the Robertson Group businesses undertaking projects within their locality. Our communities' benefit engagement programme facilitates the opportunity for young people to become involved in projects and has resulted in us providing both career and work experience opportunities. The regional business model also provides great opportunity for the development and support of bringing through senior management allowing them to reach their potential. The local economy also enjoys the benefits of the local supply chain being afforded the opportunity to participate in the projects. This commitment emphasises the group's awareness of the requirement for the private sector to contribute in re-energising local communities.

Responsible Business & Sustainability

As one of the largest family-owned construction, infrastructure and support services businesses in the UK, our purpose is 'to assure a sustainable future'. Our Responsible Business policy is aligned with the UN Sustainable Development Goals enabling us to define, deliver and communicate the outcomes from our purpose for the benefit of our people, our partners and our planet.

Driven by our Responsible Business 2030 strategy, over the last 12 months we have made an 18.4% reduction in our carbon intensity (48% since 2015), while also delivering significant social value. We have moved beyond carbon neutral to become 'climate positive' by maintaining our 19/20 level of offsetting and continuing to reduce our emissions – meaning we now offset more carbon emissions than we generate. Actions we have recently piloted or implemented include; 100% renewable electrical energy tariffs for offices, factories and sites, and green gas for offices and factories, a range of green plant options like hybrid generators and eco-tower lights on site, hydrotreated vegetable oil (HVO) fuel as an alternative to red diesel on site, and electric vehicles made available at every company car level and within our commercial fleet.

Strategic Report - Chairman's Statement *(continued)*

On behalf of the Group Board, I would like to take this opportunity again to thank all staff for their contribution and hard work over the past year, and their continued support.

W G Robertson CBE

Strategic Report - Chairman's Statement *(continued)*

We have also enhanced the lives of 598 people by creating work placements and job opportunities, and by supporting apprenticeships, upskilling and new qualifications, and have delivered £202.9m of social value by spending locally in the areas where our projects are with social enterprises, microbusinesses and SMEs.

Our actions and commitments in reducing our environmental impact have recently been recognised by both the UN Climate Neutral Now and Zero Waste Scotland Resource Efficiency Pledge 'Platinum' programmes.

We have recently become a founding partner of Edinburgh Climate Compact, which will see us represent the built environment while working with other private and public sector businesses to contribute to a green recovery and help Edinburgh reach its target of net zero emissions by 2030.

Robertson recognises the need to do more, and as part of our Responsible Business 2030 Strategy we have set a target to become 'climate positive' without increasing our offsetting. To achieve this we have committed to generating zero emissions from our sites, offices and commercial fleet, supporting our customers and supply chain to decarbonise, and delivering a biodiversity net gain on our projects by 2030.

People and Training

The most valuable asset of the Robertson Group is the quality of our staff and workforce, and it is our strategic aim to create a high performance culture; educating, training and developing our people to be the best. Our continued aim is to identify and develop the talent we have across the group in all disciplines.

As the group gets back to a more normal trading environment, training and engagement with our staff is back at the heart of what we do. We have a young people strategy in place, where we strive to provide training and apprenticeships, and company engagement, for the next generation. The group currently has 212 employees under the age of 24, which includes 20 trainees and 23 apprentices in the business of which 22 are in trades. We also have 2 employees working towards NVQ/SVQs and a further 15 working towards higher and professional qualifications.

It is acknowledged that the past year has been difficult from a training and development view, but with a flexible return to the office, and a start back to the normalisation of the working environment, our commitment to training and development will be renewed.

We have also set up a Wellbeing Forum, consisting of staff from various parts of the group, which has a remit to look at all aspects of working lives.

Robertson retained Investors in Young People gold accreditation during the year.

Conclusion

Robertson Group is well positioned to ensure a sustainable market offering and considerable growth opportunity. Our group order book is strong for both our current and next financial year. This visibility in our order book in conjunction with the inherent strength of our debt free balance sheet provides us with confidence for the group in the short, medium and long term.

We are pleased with the delivery of a Profit before Tax of £17.1m (2020: £0.8m – 15 months) and a year-end net cash balance of £90.0m (2020: £58.7m) in what has been another challenging year.

Overall, I am pleased with the progress within the group over the year. With the current secured order book we are confident that the coming year will deliver another year of profitable trading activity. Our goal continues to be the delivery of sustainable and quality profit growth - the quality and wellbeing of our employees, our order book, and our ability to manage and mitigate project risk will determine the turnover to deliver our profitability targets.

Strategic report

Principal activities

The group is an infrastructure, construction and support services business with principal activities in construction, manufacture of timber products, public sector investments, property development and investment, civil engineering, mechanical and electrical engineering, asset management and facilities management. These activities are carried out by a number of principal subsidiaries.

Business review

The global Covid-19 pandemic continued to impact the past financial year, with the majority of our businesses operating with restrictions. Despite that, we have bounced back and have produced a profit of £17.1m (2020: £0.8m - 15 months).

The provisions we took in the 2020 year end financial statements has meant that we have been able to absorb the ongoing cost of operating in a Covid-19 environment to a great degree this year.

The group operated across over 100 construction sites, developments and 80 facilities management sites. This is consistent with the prior year. The group maintained its strong trading platform across Scotland and the north of England. The health, safety and wellbeing of all our staff and supply chain continues to be our focus and we have ensured safe operating procedures continued on all our sites and within our offices throughout the year. We continually make operational and productivity improvements to methods of working on site and are now operating at target levels of productivity and profitability.

Our offices were open during the year, but we operated a work at home policy where appropriate. Like so many other companies we adapted to more flexible ways of working. We continue to assess this working method, and, going forward plan to implement a flexible policy that fits both the business and staff.

Despite the many challenges Covid-19 presented, the group continued to tightly manage our cash flows and did not utilise any of the government loan options that were available. The group continues to operate on a debt free basis.

Our new financial year has got off to a positive start, but, like many businesses, we are now managing the additional challenges of labour and material shortages, and significant material price inflation. By working with our clients and supply chain, we try to mitigate the risks for us all as much as we can in exceptionally difficult inflationary times.

Strategy

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

The strategy of the group includes a key focus on operational performance where we aim to deliver high quality outcomes for all our customers. We continually look at our efficiency and challenge our cost base to deliver the desired commercial return. We are fortunate to have developed a significant internal and external supply chain and through innovation can identify and implement new ways of completing processes and projects to maintain a competitive edge.

The Health and Safety of our employees, customers, supply chain partners and the general public is our number one priority. Our fundamental goal is that every person attending a Robertson site or office, return home in the same condition of health that they had when they arrived. Our 'Home Safe' campaign has been attended by every employee of the group and will deal with behavioural safety as well as mental wellbeing of our employees. We also have in place an online pre-enrolment process for anyone who intends to go onto any of our construction sites. This is has been an internally developed series of videos, with questions which must be completed to allow site access. It also requires to be redone annually.

Strategic report *(continued)*

Principal risks and uncertainties affecting the business

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

- Economic risk. The group's future profitability could be negatively affected by a deterioration in the general economic conditions in the United Kingdom including, in particular, the cost and availability of credit.
- Inflationary risk. The group's future profitability could be negatively impacted by material price increases and also increasing labour costs. We try to mitigate this by entering long terms agreements with key suppliers, and developing supply chain relationships
- Material availability risk. The group's profitability could be negatively impacted by material shortages. The impact on programmes and delivery of projects could cause significant financial penalties. By working with our supply chain, and buying and storing materials in advance we try to ensure that we have what we need at the appropriate time.
- Interest rate risk. The group continues to finance its operations through overdrafts and cash in hand and recognises that interest costs will be subject to interest rate fluctuation. Currently the group has no external borrowings. The group has historically minimised interest rate movements by entering into interest rate hedges on part of its borrowings, and would do so again if appropriate.
- Credit risk: The group is exposed to the credit risk that some of its customers may be unable to pay when the debt falls due. This may be due to cash flow problems, difficult trading or financial issues of the customers. Failure to receive all monies due would have an adverse effect on group cash flow and profitability.
- Effect of legislation or other regulatory activities. The group continually monitors all forthcoming and current legislation and guidelines to ensure it fully complies with all necessary requirements.
- Construction risk. The group places considerable emphasis on front end controls and ongoing project diligence in an attempt to minimise construction risk.
- Covid-19: The risks above have been exacerbated by the Covid-19 pandemic. Business and scenario planning has been prepared to ensure we fully understand the operational and financial implications of any of shut-down and remobilisation as a result of further lockdown periods. We recognise that we must remain focussed and be able to adapt to any changes in the environment, working practices and Government guidance.
- Climate change risk: The Group is committed to addressing climate change risk. We have a responsible business strategy in place which aims to retain our current 'climate positive' status and improve upon this through a series of targeted measures to reduce our emissons.
- Financial instruments: The company does not use complex financial instruments. Financial risk management objectives and policies, as well as exposure to price and credit risk are discussed in the strategic report above.

Strategic report *(continued)*

Key performance indicators

Key non-financial performance indicators include the monitoring of health and safety, quality, community engagement and corporate sustainability throughout the group.

Key financial performance indicators include the monitoring of turnover, profit before tax and net debt.

		Year ended 30 June 2021	15 month period ended 30 June 2020	
Turnover	£000	**588,284**	650,077	Turnover
Profit before Tax	£000	**17,081**	791	Profit before tax
Net funds	£000	**90,012**	58,712	Net funds at year end
Number of employees (ave)	Number	**2,610**	2,776	Average of employees at start and end of year
Operating margin	%	**9.7**	7.1	Gross profit as a % of Turnover

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

WG Robertson
Director
21 December 2021

Directors' report

The directors present their annual report and the audited financial statements for the consolidated group for the year ended 30 June 2021.

The directors have included in the strategic report matters required by regulations under section 416(4) such as future developments.

Directors

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

W G Robertson
H M Robertson
E C Robertson
S B Edgar

Directors' indemnities

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Principal activities

The group is an infrastructure, construction and support services business with principal activities in construction, manufacture of timber products, public sector investments, property development and investment, civil engineering, mechanical and electrical engineering, asset management and facilities management. These activities are carried out by a number of principal subsidiaries and in joint ventures with others.

The key strategic risks identified by the group are referenced in the Strategic Report.

Going concern

The financial statements have been prepared on a going concern basis which the directors believe to be appropriate for the following reasons.

The group has conducted a thorough review of workload, overhead and cashflows. A forecast model was prepared for the group for the new financial year and the next financial year. This showed the profitability and positive cash position of the group. Stress testing was also performed to assess the impact of up to a 30% reduction in turnover. Under these scenarios the group would remain profitable and cash positive.

The group continues to review the trading and cash flow performance of the group against forecast. This includes the review of daily and weekly cash flows, project performance against budget in terms of turnover and productivity. If we experience a material change in our work winning and delivery, the group is in a strong position to deal with any slow down.

At the balance sheet date, the group had no requirement for any debt facilities to be in place with its bank. The group has a cash pooling arrangement in place for its subsidiaries, resulting in overdraft positions for some subsidiary companies. However there is no overdraft facility for the combined group. This was also the case at the date of signing and the group maintains healthy positive cash balances. All sites are operational with improving productivity, reaching levels experienced prior to the effect of Covid-19 related restrictions. The latest trading performance is tracking on budget representing a return to strong profitability. The group recognises that the management of cash resources is paramount during such times and the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis in preparing the annual financial statements.

Directors' report *(continued)*

Going concern *(continued)*

Section 172(1) statement

The directors have acted in accordance with their duties which include their duty to act in the way in which they consider, in good faith, would be most likely to promote the long term success of the group for the benefit of its members as a whole, having regard to the stakeholders and matters set out on section 172(1) of the Companies Act 2006:

- The long term success of the group is embedded in decision making at Board level including regular engagement with the shareholders, who are also directors. The group conducts monthly Performance Reviews at subsidiary level which are attended by the full senior management teams. All new potential construction and facilities management contracts, and development opportunities are subject to a 3 stage gateway process with final approval by the group directors before an opportunity can be bid for.
- The group conducts regular Board Meetings which are attended by the full group board which includes shareholders.
- The drive to maintain high standards of business conduct remains a focus of the directors and is reinforced with the adoption of the "Robertson Way" with its five principles: we listen, we are professional, we take responsibility, we are determined to succeed, and we are one team.
- The most valuable asset of the group is the quality of our staff and it is our strategic aim to create a high performance culture; educating, training and developing our people. The people strategy is being developed to ensure we continue to identify training requirements across all grades and roles. It is also important to note that the impact of Covid-19 has had a significant impact on staff in terms of working from home and periods of furlough. The support of our staff throughout this period has been exemplary.
- The group's operations are dependent on fostering strong working relationships across a wide-ranging supply chain. We endeavour to involve the supply chain at an early stage in all development projects as the viability of projects can be dependent on finding the optimum technical solutions. The group also recognises the benefits of providing visibility of future projects to allow the supply chain to commit resources for the longer term.
- We are committed to ensuring local communities and economies benefit from the group's presence. This includes opportunities for employment, providing work experience, training and career enhancement across all areas of the business. The local economy also benefits from supply chain being afforded the opportunity to participate in our projects. We work closely with Local Authorities to understand community priorities and requirements to help identify development opportunities.
- The group aims to Protect Our Environment by operating a robust environmental management system across all residential operations. Our environmental aspects and impacts and assessed on an annual basis and appropriate environmental control measures are implemented, monitored and continually improved to ensure we Protect Our Environment for present and future generations.
- The directors are committed to recognising the needs to maintain a fair balance between the potentially competing interests of the different members of the group.

The onset of Covid-19 has been the most significant issue the group has encountered in the financial period. This required prompt and decisive decision making regarding the cessation of operations, management of sub-contractors and suppliers, communication with customers and management of employees with the closure of offices.

Directors' report *(continued)*

Dividends

The directors recommended that no interim dividend be paid (2020: £2.2M). No final dividend has been recommended in the year.

Political and charitable donations

The group made political contributions during the year of £nil (2020: £nil). Donations to UK charities amounted to £33,946 (2020: £87,465).

Streamlined energy and carbon report

Carbon status	Climate Positive
Methodology	DEFRA: Guidance on how to measure and report your greenhouse gas emissions
Third party verifier	One Carbon World
Third Party verification	ISO 14064:3 (Verification and validation of greenhouse gas statements).
Turnover (£m)	£588m
Energy consumption used to calculate emissions: kWh	17,624,280
Emissions from activities for which the company is responsible including combustion of fuel & operation of facilities: tCO2e	3,057.21
Emissions from purchase of electricity, heat, steam and cooling purchased for own use: tCO2e	1,256.04
Total gross Scope 1 & Scope 2 emissions: tCO2e	4,313.25
Intensity ratio: tCO2e per £1m turnover	7.13
Emissions from other sources out of operational control: tCO2e	3,334.98
Total gross tCO2e	7,373.68
Carbon offsets tCO2e	(9,134.53)
Total annual net emissions tCO2e	**(1760.85)**

The group has taken a number of actions to successfully increase our energy efficiency and reduce our carbon footprint over the next financial year. These include:

- Continuing to embed digital reporting processes and dashboard for tracking our carbon footprint
- Quarterly carbon footprint reporting for Board
- Third party verification of energy / emissions data
- Offsetting our carbon emissions, to be a verified carbon neutral business through One Carbon World
- Smart metering
- Securing earlier grid connections
- Planning and reviewing power demand, and generator resizing throughout project
- Utilising alternative eco generator, lighting and equipment
- Energy efficient site cabins / compounds
- Offering electric or hybrid electric company cars at every banding level
- Cycle to work scheme
- Implemented a flexible / home working policy
- Online dashboard reporting on office energy use
- Establishing a Sustainability working group

The success of these measures will continue to be monitored, with ambitious reduction targets set moving forward.

Directors' report *(continued)*

Employees

During the year, the policy of providing employees with general information continued. The group places value on the involvement of its employees. Relevant information is supplied through formal and informal meetings and an online company magazine. Suggestion schemes operate across the group.

The group gives every consideration to applications for employment from disabled persons where the requirements of the job may be adequately covered by a handicapped or disabled person.

With regard to existing employees and those who have become disabled during the period, the group has continued to examine ways and means of providing continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

Equal opportunities are given to all employees for training, career development and promotion. The group involves employees in matters affecting terms and conditions of employment. Induction courses are run for new employees with a particular emphasis on Health and Safety.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and BDO LLP will therefore continue in office.

Disclosure of information to auditor

Each of the persons who is a director at the date of approval of this directors' report confirm that:

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

Approved by the Board and signed on its behalf by:

Irene Wilson

I Wilson
Company Secretary
21 December 2021

10 Perimeter Road
Pinefield Industrial Estate
Elgin, IV30 6AE

Directors' responsibilities statement

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

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

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company and group for that year. In preparing these financial statements, the directors are required to:

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

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

Independent auditor's report to the members of Newlands (Elgin) Holdings Limited

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2021 and of the group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Newlands (Elgin) Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2021 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other Companies Act 2006 reporting

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

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

In the light of the knowledge and understanding of the group and 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.

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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We have performed the following procedures in respect to detecting irregularities including fraud:

- At the planning stage, we performed detailed analytical review procedures to identify unusual or unexpected relationships that may indicate risks of material misstatements due to fraud. Areas of identified risk were then tested substantively;
- Assessing the design and implementation of the control environment including controls over IT systems relevant to financial reporting in order to identify areas of material weakness to focus the design of our testing;
- Agreement of the financial statement disclosures to underlying supporting documentation;

- Determining whether the accounting policies and presentation adopted in the financial statements are in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice);
- Addressing the risk of fraud in relation to revenue recognition and long term contract accounting through selection of a sample of contracts and verifying revenue, costs and projected profit to corroborating documentation. We sought to identify any areas of management bias by attending a management meeting and site visits in relation to a sample of contracts, challenging management on significant judgements and estimates, and assessing subsequent contract performance information in relation to estimates;
- Addressing the risk of fraud through management override of controls by testing the appropriateness of a sample of journal entries and other adjustments; assessing whether the judgements made in accounting estimates are indicative of a potential bias. In particular we focussed on the key judgements in relation to contract stage of completion and projected contract profits as stated above; and evaluating the business rationale of significant transactions that are unusual or outside the normal course of business;
- Reviewing minutes of board meetings throughout the period;
- Obtaining an understanding of the control environment in place for monitoring compliance with laws and regulations;
- Vouching balances and reconciling items in key control account reconciliations to corroborating documentation; and
- Carrying out detailed testing, on a sample basis, of transactions and balances agreeing to appropriate documentary evidence to verify the completeness, existence and accuracy of the reported financial statements.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

This report is made solely to the parent 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
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Alastair Rae (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Edinburgh
Date: 21 December 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated profit and loss account

for the year ended 30 June 2021

	Note	Year ended 30 June 2021 £000	15 month period ended 30 June 2020 £000
Turnover	*3*	**588,284**	650,077
Cost of sales		**(531,353)**	(603,628)
Gross profit		**56,931**	46,449
Administrative expenses		**(43,027)**	(57,100)
Other operating income		**934**	3,961
Operating profit/(loss)	*4*	**14,838**	(6,690)
Investment income		**52**	-
Changes in fair value of investments		**(70)**	3,645
Share of after tax results of associates		**56**	510
Share of after tax results of joint ventures		**-**	103
Interest receivable and similar income	*5*	**2,218**	3,246
Interest payable and similar charges	*5*	**(13)**	(23)
Profit before taxation		**17,081**	791
Tax on profit	*8*	**(2,853)**	(804)
Profit/(loss) for the financial year		**14,228**	(13)

All operations are continuing. All income earned by the group are from continuing operations.

The accounting policies and notes on pages 25 to 42 form part of these financial statements

Consolidated statement of comprehensive income
For the year ended 30 June 2021

	Year ended 30 June 2021	15 month period ended 30 June 2020
	£000	£000
Profit/(loss) for the financial year	14,228	(13)
Total comprehensive income	**14,228**	(13)

There was no other comprehensive income for the year ended 30 June 2021 (2020:£nil).

The accounting policies and notes on pages 25 to 42 form part of these financial statements

Consolidated balance sheet
at 30 June 2021

	Note	30 June 2021 £000	30 June 2021 £000	30 June 2020 £000	30 June 2020 £000
Fixed assets					
Tangible assets	*10*		7,612		8,479
Intangible assets	*11*		483		644
Investment properties	*12*		3,675		3,674
Investments	*13*		13,102		12,928
Investments in associates	*13*		10,097		10,255
			34,969		35,980
Current assets					
Stocks	*14*	18,663		15,969	
Debtors due within one year	*15*	134,968		88,672	
Debtors due after more than one year	*15*	38,312		39,285	
Cash at bank and in hand		170,244		140,758	
		362,187		284,684	
Creditors: amounts falling due within one year	*16*	(273,708)		(210,737)	
Net current assets			88,479		73,947
Total assets less current liabilities			123,448		109,927
Creditors: amounts falling due after more than one year	*17*		(7,964)		(9,116)
Provisions for liabilities	*18*		(500)		-
Deferred tax	*19*		-		(55)
Net assets			114,984		100,756
Capital and reserves					
Called up share capital	*20*		10		10
Revaluation reserve	*20*		109		109
Capital reserve	*20*		534		534
Profit and loss account	*20*		114,331		100,103
			114,984		100,756

These financial statements of Newlands (Elgin) Holdings Limited were approved by the Board of Directors and authorised for issue on 21 December 2021.. They were signed on its behalf by:

W G Robertson
Director

The accounting policies and notes on pages 25 to 42 form part of these financial statements

Company balance sheet
at 30 June 2021

	Note	30 June 2021		30 June 2020	
		£000	£000	£000	£000
Fixed assets					
Tangible assets			1		3
Investments	13		141,100		140,744
			141,101		140,747
Current assets					
Debtors due within one year	15	17,338		8,132	
Cash at bank and in hand		15,476		24,742	
		32,814		32,874	
Creditors: amounts falling due within one year	16	(36)		(26)	
Net current assets			32,778		32,848
Net assets			173,879		173,595
Capital and reserves					
Called up share capital	20		10		10
Merger reserve	20		134,980		134,980
Profit and loss account	20		38,889		38,605
Shareholder's funds			173,879		173,595

These financial statements of Newlands (Elgin) Holdings Limited were approved by the Board of Directors and authorised for issue on 21 December 2021. They were signed on its behalf by:

W.G Robertson
Director

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The profit after tax of the parent company for the year was £284,000 (2020: £17,621,000)

The accounting policies and notes on pages 25 to 42 form part of these financial statements

Consolidated statement of changes in equity
For the year ended 30 June 2021

	Called-up share capital	Revaluation reserve	Capital reserve	Profit and loss account	Total
	£000	£000	£000	£000	£000
At 1 April 2019	20	109	616	102,316	103,061
Profit for the financial period		-	-	(13)	(13)
Disposal during period	-	-	(82)	-	(82)
Dividend (note 9)	-	-	-	(2,200)	(2,200)
Disposals	(10)	-	-	-	(10)
At 30 June 2020	10	109	534	100,103	100,756
At 1 July 2020	10	109	534	100,103	100,756
Profit for the financial year	-	-	-	14,228	14,228
At 30 June 2021	10	109	534	114,331	114,984

The accounting policies and notes on pages 25 to 42 form part of these financial statements

Company statement of changes in equity

For the year ended 30 June 2021

	Called-up share capital	Merger reserve	Profit and loss account	Total
	£000	£000	£000	£000
At 1 April 2019	**20**	**134,980**	**23,184**	**158,184**
Profit for the financial period	-	-	17,621	17,621
Dividend (note 9)	-	-	(2,200)	(2,200)
Disposals	(10)	-	-	(10)
At 30 June 2020	**10**	**134,980**	**38,605**	**173,595**
At 1 July 2020	**10**	**134,980**	**38,605**	**173,595**
Profit for the financial year	-	-	284	284
At 30 June 2021	**10**	**134,980**	**38,889**	**173,879**

The accounting policies and notes on pages 25 to 42 form part of these financial statements

Consolidated cash flow statement
for the year ended 30 June 2021

	Note	Year ended 30 June 2021 £000	15 month period ended 30 June 2020 £000
Cash flow from operating activities			
Profit/(loss) for the financial year		14,228	(13)
Taxation		2,853	804
Changes in fair value of investments		70	(3,645)
Interest receivable and similar income		(2,218)	(3,246)
Interest payable and similar charges		13	23
Share of profit in associates		(56)	(510)
Share of profit in joint ventures		-	(103)
Depreciation of tangible assets		1,413	1,893
Amortisation of goodwill		161	161
Taxation		-	(1,046)
Increase in stocks		(2,694)	(590)
(Increase)/decrease in debtors		(46,363)	46,554
Increase/(decrease) in creditors		61,409	(65,166)
Increase in provisions		500	-
Loss on disposal of assets		5	9
Net cash (outflow)/inflow from operating activities		29,321	(24,875)
Cash flow from investing activities			
Interest received		599	196
Purchase of tangible fixed assets		(551)	(1,911)
Purchase of investment properties		(1)	(73)
Acquisitions (net of debt acquired)		-	(3,986)
Acquisitions: repayment of loans		-	(1,700)
Repayments/(loans) made to joint ventures		246	911
Dividends from associates		80	300
Net cash outflow from investing activities		373	(6,263)
Cash flow from financing activities			
Interest received		1,619	3,050
Interest paid		(13)	(23)
Dividend paid		-	(2,200)
Net cash inflow from financing activities		1,606	827
Net increase/(decrease) in cash at bank and in hand		31,300	(30,311)
Cash and cash equivalents at 1st July 2020		58,712	89,023
Cash and cash equivalents at 30 June 2021		90,012	58,712
Cash and cash equivalents consist of:			
Cash at bank and in hand		170,244	140,758
Bank loans and overdrafts		(80,232)	(82,046)
Cash and cash equivalents	25	90,012	58,712

The accounting policies and notes on pages 25 to 42 form part of these financial statements

Notes

1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding period.

General information and basis of preparation

Newlands (Elgin) Holdings Limited is a private company limited by shares incorporated in Scotland under the Companies Act. The address of the registered office is given on page 1. The nature of the group's operations and its principal activities are set out in the strategic report on pages 2 to 4.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland.

Newlands (Elgin) Holdings Limited meets the definition of a qualifying entity under FRS 102 and the company has taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements.

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29.
- the requirements of Section 33 Key Management Personnel Compensation paragraph 33.7.

The company intends to present its next set of financial statements with the same disclosure exemptions adopted.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 2).

The functional currency of Newlands (Elgin) Holdings Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the group operates. The consolidated financial statements are also presented in pounds sterling.

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 30 June 2021.

The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

An associate is an undertaking in which the group has a long term interest, usually from 20% to 50% of the equity voting rights, and over which it exercises significant influence. A joint venture is an undertaking in which the group has a long-term interest and over which it exercises joint control. The group's share of the profits less losses of associates and of joint ventures is included in the consolidated profit and loss account and its interest in their net assets, is included in investments in the consolidated balance sheet.

Under section 408 of the Companies Act 2006 the company has taken exemption from the requirement to present its own profit and loss account.

Notes *(continued)*

Going concern

The financial statements have been prepared on a going concern basis which the directors believe to be appropriate for the following reasons.

The group has conducted a thorough review of workload, overhead and cashflows. A forecast model was prepared for the group for the new financial year and the next financial year. This showed the profitability and positive cash position of the group. Stress testing was also performed to assess the impact of up to a 30% reduction in turnover. Under these scenarios the group would remain profitable and cash positive.

The group continues to review the trading and cash flow performance of the group against forecast. This includes the review of daily and weekly cash flows, project performance against budget in terms of turnover and productivity. If we experience a material change in our work winning and delivery, the group is in a strong position to deal with any slow down.

At the balance sheet date, the group had no requirement for any debt facilities to be in place with its bank. The group has a cash pooling arrangement in place for its subsidiaries, resulting in overdraft positions for some subsidiary companies. However there is no overdraft facility for the combined group. This was also the case at the date of signing and the group maintains healthy positive cash balances. All sites are operational with improving productivity, reaching levels experienced prior to the effect of Covid-19 related restrictions. The latest trading performance is tracking on budget representing a return to strong profitability. The group recognises that the management of cash resources is paramount during such times and the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis in preparing the annual financial statements.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value of each asset on a straight-line basis over its expected useful life, as follows:

Freehold buildings	-	50 years
Plant and machinery	-	3 to 10 years
Fixtures, fittings and equipment	-	4 to 5 years
Motor vehicles	-	5 to 10 years

No depreciation is provided on freehold land.

Investment properties

Investment properties for which fair value can be measured reliably without undue cost or effort on an ongoing basis are measured at fair value annually with any change recognised in the profit and loss account.

Development expenditure

Pre-contract costs are expensed as incurred until the group is appointed as sole preferred bidder. Provided the contract is expected to generate sufficient net cash inflows to enable recovery and the award of contract is virtually certain, pre-contract costs incurred subsequent to appointment as preferred bidder are included in debtors.

Where pre-contract bid costs that have been recognised as an asset are reimbursed at financial close both the income and the asset are released to the profit and loss account.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. In determining the cost of raw materials and consumables the first in first out method is used. For work in progress and finished goods cost is taken as production cost which comprises materials, direct labour and attributable production overheads according to the stage of completion.

Property developments in the course of construction are carried at cost as part of work in progress until such time as the property is complete. Interest incurred on project specific borrowings is capitalised within the cost of the appropriate project.

Notes *(continued)*

Stocks *(continued)*

Development land stock is stated at the lower of cost and net realisable value. Cost comprises the purchase price of the land together with all attributable expenditure incurred in making ready the site for development and ultimate resale.

Revenue Recognition

Turnover represents amounts receivable for the sale of goods and services, rental income and work done in the case of long term contracts.

Turnover is stated net of VAT and is recognised to the extent that economic benefits will flow to the company and the turnover can be reliably measured. Turnover from the supply of services represents the value of services provided under contract. Where payments are received from customers in advance, the amounts are recorded as deferred income and included as part of creditors due within one year.

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the state of completion of the contract activity at the balance sheet date. This is normally measured by the value of services provided under contract to date, except where this would not be representative of completion. Variations in contract works, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable they will be recoverable. Contract costs are recognised as expenses in the year in which they are incurred.

When it is probable that contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

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 value of services provided under contract, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account. Payments received on account represent amounts received in excess of turnover recognised.

Rental income is recognised as it is earned.

Turnover, in relation to facilities management, is recognised when goods are physically delivered to the customer or in relation to the supply of services, the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable.

Government grants

Grants of a revenue nature are recognised in "other income" within profit or loss in the same year as the related expenditure.

Taxation

Current tax, including UK corporation tax is provided at amounts expected to be paid 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 resulted 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 or group'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 years different from those in which they are recognised in the financial statements.

Pensions

The group contributes to group personal pension plan for employees who also undertake to contribute, the costs of which are charged to the profit and loss account as they become payable. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting year. Differences between contributions payable in the year and contributions actually paid are shown as accruals in the balance sheet.

Notes *(continued)*

Leases

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

Rentals under operating lease rentals are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

Financial instruments

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting year for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets are recognised in the group's balance sheet when the group becomes a party to the contractual provisions of a financial instrument. These are measured at fair value with subsequent remeasurement recognised through profit or loss.

Debtors

Short term debtors are measured at transaction price, less any impairment.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Creditors

Short term creditors are measured at the transaction price.

Fixed Asset Investments

Equity investments are recognised initially at fair value, which is normally the transaction price (excluding transaction costs). Subsequently, they are measured at fair value through the profit and loss account, using a reliable measure of fair value taking into account the secondary market for such investments and the operational phase of the investment.

Investments in subsidiaries are stated at cost less provision for impairment.

Notes *(continued)*

2 Significant judgements and estimates

In the application of the group's accounting policies, as described in note 1, the directors and management are required to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the year end date, and the amounts reported for revenues and expenses during the year.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised, and in future years should it affect future years.

The ordinary judgements and estimates are those as detailed in Note 1.

Management consider that the following have the most significant effect on the amounts recognised in the financial statements:

- Valuation of investment properties – as referred to in Note 12 property values are reviewed annually and are subject to fair value assessment by appropriately qualified employees
- Valuation of investments – fair value review of all investments held is carried out annually with reference to market conditions and underlying operating stage of the equity investment.
- Contract accounting – as referred to in Note 1, all long term contracts are reviewed on a monthly basis, with particular attention to contract stage of completion, costs to date and costs still to be incurred. Debtors recoverability is also monitored as part of this process. Movement in margin is recognised when prudent to do so but immediately in the event there is a foreseeable loss.
- A fair value review of intercompany loans to Robertson Capital Projects Hub Investments Limited and Robertson Capital Projects Investments 3 Limited is carried out annually with reference to market conditions and the underlying investments held by the companies. The directors deem that fair value currently equates to cost.

Notes *(continued)*

3 Turnover

The total turnover of the group for the year has been derived from the group's principal activities wholly undertaken in the UK. An analysis of the group's turnover by business class is set out below:

	Year ended 30 June 2021 £000	15 month period ended 30 June 2020 £000
Contract revenue	478,981	533,632
Facilities management	93,316	111,756
Other	15,987	4,689
	588,284	650,077

4 Operating profit/(loss)

	Year ended 30 June 2021 £000	15 month period ended 30 June 2020 £000
Operating profit is stated after charging/(crediting):		
Depreciation of tangible assets	1,413	1,893
Operating lease rentals		
- land and buildings	1,497	1,136
- other assets	1,057	1,587
Government Job Retention Scheme grants – revenue in nature	(872)	(3,961)
Loss on disposal of fixed assets	5	9
Auditor's remuneration		
Audit of these financial statements	13	12
Amounts receivable by auditors and their associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	245	233
Other services relating to taxation & other services	39	29

5 Finance costs

	Year ended 30 June 2021 £000	15 month period ended 30 June 2020 £000
Interest receivable and similar income:		
Interest receivable from related parties	1,495	2,796
Bank interest receivable	124	254
Other interest receivable	599	196
	2,218	3,246
Interest payable and similar charges:		
Interest payable on bank loans and overdrafts	13	23
	13	23

Notes *(continued)*

6 Remuneration of directors

	Year ended 30 June 2021	15 month period ended 30 June 2020
Group	**£000**	£000
Directors' emoluments	**2,248**	1,954
Company contributions to money purchase schemes	**56**	62
	2,304	2,016

The directors of the company are remunerated via a subsidiary undertaking. Retirement benefits are accruing to 2 directors (2020:2) under money purchase pension schemes. The total emoluments of the highest paid director were £1,035,000 (2020: £1,089,000). Pension contributions made on their behalf were £50,000 (2020: £nil).

Key personnel are considered to be the Group Board, their salary information is included above.

7 Staff numbers and costs – Group

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

	Year ended 30 June 2021	15 month period ended 30 June 2020
	Number	Number
Construction and property development	**817**	881
Administration	**462**	1,405
Facilities management	**1,331**	490
	2,610	2,776

The aggregate payroll costs to these persons were as follows:

	£000	£000
Wages and salaries	**91,454**	120,317
Social security costs	**9,479**	12,109
Other pension costs	**4,706**	6,241
	105,639	138,667

The company has no employees – all employees including directors are paid through subsidiary companies.

Notes *(continued)*

8 Tax on profit

	Year ended 30 June 2021	15 month period ended 30 June 2020
Analysis of charge in the year	£000	£000
UK corporation tax		
Current tax on income for the year	3,038	372
Group relief	-	(4)
Adjustment in respect of R & D expenditure credit	-	-
Adjustment in respect of prior years	46	478
Total tax charge	3,084	846
Deferred tax (see note 19)		
Effect of tax rate change on opening balance	-	24
Origination/reversal of timing differences	(177)	(163)
Adjustment in respect of prior years	(54)	97
	(231)	(42)
Total tax on profit	2,853	804

Factors affecting the tax charge for the current year

The current tax charge for the year is lower *(2020: lower)* than the standard rate of corporation tax in the UK of 19% *(2020: 19%)*. The differences are explained below.

	Year ended 30 June 2021	15 month period ended 30 June 2020
	£000	£000
Current tax reconciliation		
Profit before tax	17,081	791
Current tax at 19% *(2020: 19%)*	3,245	150
Effects of:		
Non-deductible expenses	105	(242)
Fixed asset differences	32	89
Income not taxable	(58)	-
Effect of R & D tax reliefs	(30)	(45)
Exempt distribution income	(10)	-
Other permanent differences	1	(66)
Capital gains	59	659
Group relief surrendered	-	4
Credit for group relief	-	(4)
Deferred tax not recognised	(402)	(1,092)
Deferred tax – change in rate	(81)	(171)
Adjustments to tax charge in respect of prior years – deferred tax	(54)	97
Adjustments to tax charge in respect of prior years	46	483
Adjustments to brought forward values	-	942
Total tax charge (see above)	2,853	804

Notes *(continued)*

Factors affecting the future tax charges

In the March 2021 UK Budget, an announcement was made to increase the main rate of UK corporation tax to 25% from 1 April 2023. The group's deferred tax liabilities/(assets) have therefore been measured at 25% in the current year.

9 Dividends on equity shares

	Year ended 30 June 2021 £000	15 month period ended 30 June 2020 £000
Interim dividend paid	-	2,200
	-	2,200

10 Tangible fixed assets

Group	Freehold land and buildings £000	Plant and machinery £000	Fixtures, fittings and equipment £000	Motor vehicles £000	Total £000
Cost					
At beginning of year	8,271	6,095	4,228	189	18,783
Additions	-	392	159	-	551
Disposals	-	(149)	(36)	(135)	(320)
Transfers	(68)	-	68	-	-
At end of year	8,203	6,338	4,419	54	19,014
Depreciation					
At beginning of year	2,632	4,791	2,720	161	10,304
Charge for the year	181	544	677	11	1,413
Disposals	-	(144)	(36)	(135)	(315)
Transfers	(13)	-	13	-	-
At end of year	2,800	5,191	3,374	37	11,402
Net book value					
At 30 June 2021	5,403	1,147	1,045	17	7,612
At 30 June 2020	5,639	1,304	1,508	28	8,479

Notes *(continued)*

11 Intangible asset

Goodwill	**Group** **£000**
Cost	
At beginning of year	644
Charge for the year	(161)
At end of year	**483**

12 Investment properties

	Group **£000**
Cost or valuation	
At beginning of year	3,674
Additions	1
At end of year	**3,675**

Historical cost of investment properties

At 30 June 2021	**2,260**
At 30 June 2020	**2,798**

Investment properties, which are all freehold, were revalued to fair value at 31 March 2017 based on a valuation undertaken by Rydens (members of The Royal Institute of Chartered Surveyors), an independent valuer with experience in the location and class of the investment property being valued, on the basis of open market value based on the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors. The directors consider the values to be appropriate at 30 June 2021.

Notes *(continued)*

13 Fixed asset investments

Group	Investments	Interests in joint ventures	Interests in associated undertakings	Total
	£000	£000	£000	£000
Shares at cost				
At beginning of year	5,754	-	286	6,040
Revaluation	356	-	-	356
At end of year	6,110	-	286	6,396
Loans				
At beginning of year	7,174	-	8,422	15,596
Revaluation in year	(64)	-	(6)	(70)
Transfers	-	-	2	2
Eliminated on disposal	(118)	-	(128)	(246)
At end of year	6,992	-	8,290	15,282
Shares of post-acquisition reserves				
At beginning of year	-	-	1,547	1,547
Retained profits less losses for the year	-	-	56	56
Transfers	-	-	(2)	(2)
Dividend paid	-	-	(80)	(80)
At end of year	-	-	1,521	1,521
Net book value				
At 30 June 2021	13,102	-	10,097	23,199
At 30 June 2020	12,928	-	10,255	23,183

Associates and joint ventures

The total of the group's profit after taxation from interests in associates and joint ventures was a profit of £56,000 (2020: £613,000).

Notes *(continued)*

13 Fixed asset investments *(continued)*

Company	Subsidiary undertakings shares £000	Investment in shares £000	Total £000
Cost and net book value:			
At beginning of year	134,990	5,754	140,744
Revaluation	-	356	356
At end of year	134,990	6,110	141,100

The principal undertakings in which the group holds more than 20% of the share capital are as follows:

	Registered office	Shares held Class	%	Principal activity
Subsidiary undertakings of Newlands (Elgin) Holdings Limited				
Robertson Group (Holdings) Limited	A	Ordinary	100	Holding company
Subsidiary undertakings of Robertson Group (Holdings) Limited				
Robertson Group Limited	A	Ordinary	100	Holding company
Robertson Timber Engineering Limited	A	Ordinary	100	Timberkit manufacture
Robertson Facilities Management Limited	A	Ordinary	100	Facilities management
Robertson Capital Projects Limited	A	Ordinary	100	PFI project management
Robertson Residential Managed Properties Limited	A	Ordinary	100	Residential property
Robertson Construction Central Limited	A	Ordinary	100	Construction
Robertson Construction Eastern Limited	A	Ordinary	100	Construction
Robertson CE Limited	A	Ordinary	100	Construction
Robertson Construction Northern Limited	A	Ordinary	100	Construction
Robertson Construction Tayside Limited	A	Ordinary	100	Construction
Robertson Construction Highland Limited	A	Ordinary	100	Construction
Robertson Construction Central Scotland Limited	A	Ordinary	100	Construction
Robertson Construction Group Limited	A	Ordinary	100	Construction
Robertson Property Limited	A	A and B Ordinary	100	Property development
Robertson Capital Projects Hub Investments Limited	A	Ordinary	100	Project investment
Robertson Capital Projects Investments 2 Limited	A	Ordinary	100	Project investment
Robertson Capital Projects Investments 3 Limited	A	Ordinary	100	Project investment
Robertson Capital Projects Investments 4 Limited	A	Ordinary	100	Project investment
Robertson Regeneration Limited	A	Ordinary	100	Property development
Robertson Health Orkney Limited	A	Ordinary	100	Healthcare facility construction
Robertson-Dawn Health Limited	B	Ordinary	100	Construction
Robertson Strategic Asset Management Limited	A	Ordinary	100	Property services
Urban Union Limited	A	Ordinary	100	Property development

Notes *(continued)*

13 Fixed asset investments (continued)

Joint ventures of Robertson Group Limited

RMF Health Limited	B	Ordinary	50	Construction
Elgin City Football Club Limited	C	Ordinary	41	Football Club

A – 10 Perimeter Road, Pinefield Industrial Estate, Elgin, Scotland, IV30 6AE
B – Robertson House, Castle Business Park, Stirling, Stirlingshire, FK9 4TZ
C – Borough Briggs, Borough Briggs Road, Elgin, Morayshire, IV30 1AP

All of the above subsidiaries have year ends coterminous with the company

14 Stocks

	Group	
	30 June 2021 £000	30 June 2020 £000
Raw materials and consumables	**1,118**	1,062
Work in progress	**15,755**	13,090
Development land	**1,790**	1,817
	18,663	15,969

The difference between purchase price of stocks and its replacement cost is not material.

Notes *(continued)*

15 Debtors

	Company		Group	
	30 June 2021 £000	30 June 2020 £000	**30 June 2021 £000**	30 June 2020 £000
Amounts falling due within one year:				
Trade debtors	**-**	-	**63,342**	32,372
Amounts recoverable on contracts	**-**	-	**25,316**	25,676
Amounts owed by related parties	**17,129**	8,015	**27,204**	17,597
Deferred tax (note 19)	**55**	-	**176**	-
Other debtors	**29**	1	**10,657**	5,262
Group relief receivable	**125**	97	**-**	97
Prepayments and accrued income	**-**	19	**3,024**	3,841
Corporation tax payment on account	**-**	-	**1,619**	2,675
Other tax and social security	**-**	-	**3,630**	1,152
	17,338	8,132	**134,968**	88,672
Amounts falling due after more than one year:				
Trade debtors	**-**	-	**-**	305
Amounts recoverable on contracts	**-**	-	**6,083**	6,751
Amounts owed by related parties	**-**	-	**32,229**	32,229
	-	-	**38,312**	39,285

16 Creditors: amounts falling due within one year

	Company		Group	
	30 June 2021 £000	30 June 2020 £000	**30 June 2021 £000**	30 June 2020 £000
Bank loans and overdrafts (note 17)	**-**	-	**80,232**	82,046
Payments received on account	**-**	-	**17,381**	20,737
Trade creditors	**36**	22	**36,164**	24,646
Amounts owed to related parties	**-**	-	**1,016**	1,121
Corporation tax	**-**	-	**2,128**	258
Group relief payable	**-**	-	**-**	97
Other taxes and social security	**-**	-	**22,578**	8,578
Other creditors	**-**	-	**13,335**	8,526
Accruals and deferred income	**-**	4	**100,874**	64,728
	36	26	**273,708**	210,737

Notes *(continued)*

17 Creditors: amounts falling due after more than one year

	Company		Group	
	30 June 2021 £000	30 June 2020 £000	**30 June 2021 £000**	30 June 2020 £000
Trade creditors	-	-	**7,310**	7,461
Payments on account	-	-	-	845
Amounts owed to related parties	-	-	**654**	810
	-	-	**7,964**	9,116

	Company		Group	
	30 June 2021 £000	30 June 2020 £000	**30 June 2021 £000**	30 June 2020 £000
Analysis of debt:				
Debt can be analysed as falling due:				
In one year or less, or on demand	-	-	**80,232**	82,046
	-	-	**80,232**	82,046

18 Provisions for liabilities

Provision for defects

	Company		Group	
	30 June 2021 £000	30 June 2020 £000	**30 June 2021 £000**	30 June 2020 £000
At 1st July 2020	-	-	-	-
Charged to profit and loss	-	-	**(500)**	-
Utilised in year	-	-	-	-
	-	-	**(500)**	-

Provision to resolve likely defects calculated based on quotations and best estimates of the value of the work required.

Notes *(continued)*

19 Deferred tax

Deferred taxation asset / (liability)	Accelerated capital allowances	Other timing differences	Capital gains	Losses carried forward	Total
Group	**£000**	**£000**	**£000**	**£000**	**£000**
At beginning of year	(50)	132	(156)	19	(55)
Charge to the profit and loss account for the year	(14)	86	119	40	231
At end of year	(64)	218	(37)	59	176

Deferred taxation asset / (liability) Company	Accelerated capital allowances £000	Capital losses £000	Total £000
At beginning of year	-	-	-
Credit to the profit and loss account for the year	1	54	55
At end of year	1	54	55

20 Called up share capital

Allotted, called up and fully paid	30 June 2021 £	30 June 2020 £
5,502,500 A Ordinary shares of £0.001	5,503	5,503
2,501,500 B Ordinary shares of £0.001	2,502	2,502
500,500 C Ordinary shares of £0.001	501	501
500,500 D Ordinary shares of £0.001	501	501
1,001,000 E Ordinary shares of £0.001	1,001	1,001
	10,008	10,008

The company has 5 classes of ordinary share which carry no rights to fixed income.

The company's other reserves are as follows:

The profit and loss account represents cumulative profits and losses, net of dividends and other adjustments, plus a capital reserve which represents a distributable reserve arising in the year to 31 March 2015 when members of management exercised their option to sell their performance based shares to Robertson Group Limited, and is the remaining balance following settlement.

Revaluation reserve represents historic revaluations in subsidiary companies.

Merger reserve created as a result of the demerger of Robertson Homes Limited, Robertson Partnership Homes Limited and Robertson Living Limited in April 2018.

Notes *(continued)*

21 Contingent liabilities, contractual disputes and guarantees

At the year end there were contingent liabilities in respect of guarantees and claims under contracts entered into in the normal course of business. Further, included within trade debtors and amounts recoverable on long term contracts are certain amounts which are the subject of ongoing negotiations with customers. The directors are of the opinion that adequate provision has been made in respect of ongoing claims and disputes at the year end.

22 Commitments

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

	Group	
	30 June 2021	30 June 2020
	£000	£000
Operating leases which expire:		
Within one year	**1,344**	1,560
Between two and five years	**1,398**	3,470
In five years or more	**-**	-
	2,742	5,030

There are no lease commitments within the company.

23 Pension costs

The group operates a defined contribution pension scheme in respect of all eligible employees. The schemes and their assets are held by independent fund managers in the name of each individual employee.

	Year ended 30 June 2021 £000	15 month period ended 30 June 2020 £000
Contributions payable by the group for the year	**4,706**	6,241

Notes *(continued)*

24 Related party transactions

Related party transactions with 100% owned group undertakings are excluded from the consolidated financial statements and are therefore exempt from disclosure in the financial statements under the provisions of FRS 102 'Related Party Disclosures'.

During the year the group made sales to its joint venture and associate companies and at the year end balances were due from these companies as follows:

	Turnover		Year end balances	
	Year ended 30 June 2021	15 month period ended 30 June 2020	30 June 2021	30 June 2020
	£000	£000	£000	£000
Joint venture and related party companies:				
Contracting and project management revenue	38,850	40,059	4,374	2,741
Facilities management services	2,298	1,883	134	224
Contracting revenue procured through a framework agreement	11,547	29,905	1,475	2,823
Administration activities	2,570	2,319	53,450	44,038
	55,265	74,166	59,433	49,826

Rental expenditure and service charges of £251,000 (2020: £223,000) was paid during the year to a company owned by W G Robertson. The balance outstanding at the year end was £6,000 (2020: £98,000)

At the year end a director, W G Robertson had an interest free loan of £5,184 (2020: £2,083). The maximum amount outstanding in the year was £95,883 (2020: £120,662).

During the year the group made sales to E C Robertson of £nil (2020: £9,000), the balance outstanding at the year end was £6,000 (2020: £6,000).

25 Net debt reconciliation

	1 July 2020	Cash flows	30 June 2021
	£000	£000	£000
Cash at bank and in hand	140,758	29,486	170,244
Bank overdrafts	(82,046)	1,814	(80,232)
	58,712	31,300	90,012

26 Ultimate controlling party

The company is controlled by W G Robertson, who owns 65% of the issued share capital.