

Strategic Report, Report of the Directors and

Audited Financial Statements

for the Year Ended 31 May 2018

for

Weir & McQuiston (Scotland) Limited

Contents of the Financial Statements
for the Year Ended 31 May 2018

	Page
Company Information	1
Strategic Report	2
Report of the Directors	4
Report of the Independent Auditors	6
Profit & Loss Account	8
Balance Sheet	9
Statement of Changes in Equity	10
Cash Flow Statement	11
Notes to the Cash Flow Statement	12
Notes to the Financial Statements	13

Weir & McQuiston (Scotland) Limited

Company Information
for the Year Ended 31 May 2018

DIRECTORS:

Mr J McArthur
Mrs J E H McArthur
Mr G McArthur
Mr J Crossar

SECRETARY:

Mrs J E H McArthur

REGISTERED OFFICE:

201 Netherton Street
Netherton Cross
Wishaw
Lanarkshire
ML2 0EF

REGISTERED NUMBER:

SC060469 (Scotland)

AUDITORS:

Gillespie & Anderson
Statutory Auditors
Chartered Accountants
147 Bath Street
Glasgow
G2 4SN

Strategic Report
for the Year Ended 31 May 2018

The directors present their strategic report for the year ended 31 May 2018.

REVIEW OF BUSINESS

The directors are pleased to report that the return to profitability reflected in prior years has continued into the year under review.

Turnover for the year rose to a record £22,839,455, an increase of over £5m (almost 30%) on the previous year. However, pressures on direct costs, allied with disappointing results on certain contracts have had a detrimental effect on the margins achieved in the year, with the gross profit margin falling to 13.29% (2017 19.27%). This has resulted in an increased review on all major contract work, with additional reporting structures now introduced to highlight any issues at the earliest stage possible, and thereby allow remedial action to be taken accordingly.

Ignoring the property disposal loss included within 2017's administrative expenses, overheads have risen by £421,268 (16.2%) in line with this increased activity, although the controls put in place by the management team continue to ensure this increase was kept in check. Results for the year are augmented by the fair value increase of £24,378 on the company's investment bond.

This produces overall pre-tax profits of £233,647 (2017 - £92,015, which includes the property disposal loss of £876,025) equating to a net profit percentage of 1.02%. This compares to the prior year where (by ignoring the effect of the loss on disposal) the "true" net profit percentage would have been 5.5%.

The matters noted above follow through into the Balance Sheet position at 31 May 2018 - work in progress and amounts recoverable on contracts have more than doubled to over £6.4m whilst the further investment in the Prudential bond (along with the valuation gain) shows a healthy increase.

Offsetting this, bank funds (whilst still sufficient) have fallen by approximately £2.1m whilst trade creditors (including subcontractors liabilities) have risen by £2m.

Going forward, these increased business gives cause for sustained optimism for the future, with attendant challenges to ensure that profitability margins are maintained - the directors continue to implement the business plans in place which will continue to strengthen the company in the coming financial year.

Strategic Report
for the Year Ended 31 May 2018

PRINCIPAL RISKS AND UNCERTAINTIES

The company's principal risks and uncertainties are outlined below, being the most significant risks that may adversely affect our business strategy, financial position or future performance. The management team meet regularly to identify risk factors which may affect the business, evaluating the risk of these materialising and the financial or strategic impact of such events, in order to apply relevant and effective mitigating factors.

Our plans for sales growth can be impacted by the risk of unfavourable economic conditions in the construction industry in general (particularly at local level), along with competition within the market. In response, we have a strong management team in place who consider all ongoing and potential projects, with a view to maintaining a healthy order book. We seek to develop and maintain strong customer relationships, and monitor competitor activity within our market.

Profit growth can also be affected by the above, along with the costs of raw materials, sub-contractors and labour costs. Good working relationships with a number of major suppliers are seen as important, whilst management closely monitor contract costs with regular tracking of projects as they progress, in light of pricing and discounts previously agreed. Disappointing results on certain projects in the year have caused this area to be given even greater focus, with a revision of the reporting structures made to enable management to identify and resolve issues when they arise.

Financial and cash flow risk is considered with the assistance of cash flow projections which are regularly reviewed and stress-tested in the light of subsequent events. The management team look to retain a level of reserves consistent with ongoing liabilities plus sufficient headroom to cover eventualities. Funds continue to be invested in the year in a corporate bond to provide a better return than bank reserves, with professional advice taken to ensure the investment made is in keeping with the company's risk profile.

Finally, by virtue of the projects carried out by the company, the risk of healthy and safety issues remains a management priority. Ongoing contracts are subject to risk assessment visit and audits, with the findings therefrom being discussed with both management and the workforce on the ground, to ensure that recommendations made are adopted as company policy.

ON BEHALF OF THE BOARD:

Mr G McArthur - Director

26 November 2018

Report of the Directors
for the Year Ended 31 May 2018

The directors present their report with the financial statements of the company for the year ended 31 May 2018.

PRINCIPAL ACTIVITY

The principal activity in the year under review remains that of electrical, mechanical and renewable energy contractors, incorporated in Scotland as a private company limited by shares.

DIVIDENDS

No interim dividend was paid during the year. The directors recommend a final dividend of £0.75 per share.

The total distribution of dividends for the year ended 31 May 2018 will be £ 150,000 .

FUTURE DEVELOPMENTS

The company has no specific plans for future development, other than continuing to offer its existing and prospective clients a comprehensive range of mechanical, electrical and renewable services.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 June 2017 to the date of this report.

Mr J McArthur
Mrs J E H McArthur
Mr G McArthur
Mr J Crossar

Other changes in directors holding office are as follows:

Mr D McNeill - resigned 23 May 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Report of the Directors
for the Year Ended 31 May 2018

AUDITORS

The auditors, Gillespie & Anderson, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

Mr G McArthur - Director

26 November 2018

Report of the Independent Auditors to the Members of
Weir & McQuiston (Scotland) Limited

Opinion

We have audited the financial statements of Weir & McQuiston (Scotland) Limited (the 'company') for the year ended 31 May 2018 which comprise the Profit & Loss Account, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Report of the Independent Auditors to the Members of
Weir & McQuiston (Scotland) Limited

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Use of our report

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

Alun Johnstone BAcc CA (Senior Statutory Auditor)
for and on behalf of Gillespie & Anderson
Statutory Auditors
Chartered Accountants
147 Bath Street
Glasgow
G2 4SN

26 November 2018

Profit & Loss Account
for the Year Ended 31 May 2018

	Notes	2018 £	2017 £
TURNOVER	3	22,839,455	17,666,707
Cost of sales		19,803,400	14,262,635
GROSS PROFIT		3,036,055	3,404,072
Administrative expenses		3,023,497	3,478,254
		12,558	(74,182)
Other operating income		223,355	175,086
OPERATING PROFIT	6	235,913	100,904
Interest receivable and similar income		845	1,915
		236,758	102,819
Fair value increase of fixed asset investment		24,378	-
		261,136	102,819
Interest payable and similar expenses	7	27,489	10,804
PROFIT BEFORE TAXATION		233,647	92,015
Tax on profit	8	61,177	122,713
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		172,470	(30,698)

The notes form part of these financial statements

Balance Sheet
31 May 2018

	Notes	2018 £	£	2017 £	£
FIXED ASSETS					
Tangible assets	10		101,423		66,068
Investments	11		<u>624,378</u>		<u>300,000</u>
			725,801		366,068
CURRENT ASSETS					
Stocks	12	3,980,024		2,100,954	
Debtors	13	2,712,621		1,294,830	
Cash at bank and in hand		<u>1,302,407</u>		<u>2,770,322</u>	
		7,995,052		6,166,106	
CREDITORS					
Amounts falling due within one year	14	<u>5,976,773</u>		<u>3,829,371</u>	
NET CURRENT ASSETS			<u>2,018,279</u>		<u>2,336,735</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			2,744,080		2,702,803
CREDITORS					
Amounts falling due after more than one year	15		(29,547)		(10,944)
PROVISIONS FOR LIABILITIES	19		(204)		-
NET ASSETS			<u>2,714,329</u>		<u>2,691,859</u>
CAPITAL AND RESERVES					
Called up share capital	20		2,031		2,031
Share premium			23,839		23,839
Retained earnings			<u>2,688,459</u>		<u>2,665,989</u>
SHAREHOLDERS' FUNDS			<u>2,714,329</u>		<u>2,691,859</u>

The financial statements were approved by the Board of Directors on 26 November 2018 and were signed on its behalf by:

Mr G McArthur - Director

Statement of Changes in Equity
for the Year Ended 31 May 2018

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 June 2016	2,031	2,846,687	23,839	2,872,557
Changes in equity				
Dividends	-	(150,000)	-	(150,000)
Total comprehensive income	-	(30,698)	-	(30,698)
Balance at 31 May 2017	<u>2,031</u>	<u>2,665,989</u>	<u>23,839</u>	<u>2,691,859</u>
Changes in equity				
Dividends	-	(150,000)	-	(150,000)
Total comprehensive income	-	172,470	-	172,470
Balance at 31 May 2018	<u>2,031</u>	<u>2,688,459</u>	<u>23,839</u>	<u>2,714,329</u>

Cash Flow Statement
for the Year Ended 31 May 2018

	Notes	2018 £	2017 £
Cash flows from operating activities			
Cash generated from operations	1	(1,274,592)	2,356,906
Interest paid		(3,057)	(5,806)
Interest element of hire purchase and finance lease rental payments paid		(4,432)	(4,998)
Other debtors written off		(20,000)	-
Tax paid		(198,836)	(88,570)
Net cash from operating activities		<u>(1,500,917)</u>	<u>2,257,532</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(32,118)	(27,949)
Purchase of fixed asset investments		(300,000)	(300,000)
Sale of tangible fixed assets		-	549,000
Interest received		845	1,915
Net cash from investing activities		<u>(331,273)</u>	<u>222,966</u>
Cash flows from financing activities			
Loan repayments in year		-	(511,350)
Capital repayments in year		(22,500)	(60,787)
Amount introduced by directors		-	104,685
Amount withdrawn by directors		(104,685)	(16,452)
Equity dividends paid		(150,000)	(150,000)
Net cash from financing activities		<u>(277,185)</u>	<u>(633,904)</u>
(Decrease)/increase in cash and cash equivalents		<u>(2,109,375)</u>	<u>1,846,594</u>
Cash and cash equivalents at beginning of year	2	2,442,600	596,006
Cash and cash equivalents at end of year	2	<u><u>333,225</u></u>	<u><u>2,442,600</u></u>

The notes form part of these financial statements

Notes to the Cash Flow Statement
for the Year Ended 31 May 2018

1. **RECONCILIATION OF PROFIT/(LOSS) FOR THE FINANCIAL YEAR TO CASH GENERATED FROM OPERATIONS**

	2018	2017
	£	£
Profit/(loss) for the financial year	172,470	(30,698)
Depreciation charges	36,157	38,356
Loss on disposal of fixed assets	-	890,558
Gain on revaluation of fixed assets	(24,378)	-
Finance costs	27,489	10,804
Finance income	(845)	(1,915)
Taxation	61,177	122,713
	<u>272,070</u>	<u>1,029,818</u>
(Increase)/decrease in stocks	(1,879,070)	260,877
(Increase)/decrease in trade and other debtors	(1,427,110)	498,008
Increase in trade and other creditors	1,759,518	568,203
Cash generated from operations	<u><u>(1,274,592)</u></u>	<u><u>2,356,906</u></u>

2. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 May 2018

	31.5.18	1.6.17
	£	£
Cash and cash equivalents	1,302,407	2,770,322
Bank overdrafts	<u>(969,182)</u>	<u>(327,722)</u>
	<u>333,225</u>	<u>2,442,600</u>

Year ended 31 May 2017

	31.5.17	1.6.16
	£	£
Cash and cash equivalents	2,770,322	1,066,520
Bank overdrafts	<u>(327,722)</u>	<u>(470,514)</u>
	<u>2,442,600</u>	<u>596,006</u>

Notes to the Financial Statements
for the Year Ended 31 May 2018

1. STATUTORY INFORMATION

Weir & McQuiston (Scotland) Limited is a private company, limited by shares, registered in Scotland. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

Significant judgements and estimates

In preparing the financial statements, management is required to make judgements, estimates and assumptions, based on historical experience and other relevant factors. Actual results may differ from these best estimates, which are reviewed on an ongoing basis.

The items in the financial statements where these judgements are required (and the factors in play) include trade debtors, work-in-progress and amounts recoverable on contracts (stage of completion, likelihood of recovery), fixed assets (depreciation rates) and the fixed asset investment (fair value measurement).

Turnover

Turnover includes both standard sales and contract sales, both deriving from ordinary activities, stated after discounts & VAT, with contract sales adjusted for work in progress.

Standard sales comprises the sales value of goods and services provided by the company, recognised when the company becomes entitled to the income arising. Contract sales relate to the valuation of work performed on staged contracts valued periodically, with recognition of income (and the contract costs directly associated) based on reliable estimations of the stage of contract completion at the financial year end.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Fixtures and fittings	- 20% on cost
Motor vehicles	- 25% on cost
Computer equipment	- 33% on cost

Factors such as a change in how an asset is used, significant unexpected wear and tear, technological advancement, and changes in market prices may indicate that the residual value or useful life of an asset has changed since the most recent annual reporting date. If such indicators are present, the company will review its previous estimates and, if current expectations differ, amend the residual value, depreciation method or useful life, accounting for such revisions as a change in an accounting estimate in accordance with FRS 102.

Government grants

Grants received are categorised on a class by class basis, depending on the specific circumstances and (if any) conditions attached. Revenue grants subject to performance-related conditions are recognised when these conditions are met. All other revenue grants are treated on the accruals basis and recognised on a systematic basis over the period which the grant is intended to cover. Grants relating to assets are recognised in income over the useful life of the asset to which it relates - any deferred element of the grant is recognised as deferred income within the Balance Sheet.

Notes to the Financial Statements - continued
for the Year Ended 31 May 2018

2. ACCOUNTING POLICIES - continued

Stocks

Stock is valued at the lower of cost and net realisable value (with cost reflecting direct expenditure only) and after making due allowance for obsolete and slow moving items.

Work in progress on contracts, together with amounts recoverable on contracts, recognise the value of work performed under contracts ongoing at the year end based on valuations issued to date and after making due provision for the likelihood of eventual recovery.

Financial instruments

The fixed asset investment held by the company is classed as a non-basic financial instrument (as defined by section 12 of FRS 102) and is consequently revalued at fair value (taken as the quoted market value of the units held in the investment bond portfolio) at each financial year-end, with changes in valuation reflected through the Profit & Loss Account.

The company has no other complex financial instruments but does hold basic financial instruments of; cash at bank, debtors and creditors.

Cash and cash equivalents comprise cash at bank and on hand, foreign currency on hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. A bank overdraft would be shown within current liabilities.

Trade and other debtors are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less losses for bad debts except where the effective of discounting would be immaterial. In such cases, trade and other debtors are stated at cost less losses for bad debts.

Trade and other creditors are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate unless the effect of discounting would be immaterial. In such cases, trade and other creditors are stated at cost.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Profit & Loss Account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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

Notes to the Financial Statements - continued
for the Year Ended 31 May 2018

2. ACCOUNTING POLICIES - continued

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Employee benefits

The total cost of employee benefits to which employees have become entitled because of service rendered to the entity during the reporting period are recognised and charged to the profit and loss account in the period to which they relate.

Provision for liabilities

A provision is initially recognised when there is an obligation at the balance sheet date as the result of a past event, it is probable that there will be the transfer of funds in settlement and the amount of the obligation can be estimated reliably. The provision is subsequently measured by placing a charge against the provision only for expenditure for which the provision was originally recognised.

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	2018 £	2017 £
Contract sales	22,221,408	17,040,068
Standard sales	618,047	626,639
	<u>22,839,455</u>	<u>17,666,707</u>

4. EMPLOYEES AND DIRECTORS

	2018 £	2017 £
Wages and salaries	5,855,251	4,583,574
Social security costs	549,373	425,701
Other pension costs	167,846	260,005
	<u>6,572,470</u>	<u>5,269,280</u>

Notes to the Financial Statements - continued
for the Year Ended 31 May 2018

4. EMPLOYEES AND DIRECTORS - continued

The average number of employees during the year was as follows:

	2018	2017
Directors	5	5
Administration	32	26
Operations	<u>142</u>	<u>114</u>
	<u>179</u>	<u>145</u>

5. DIRECTORS' EMOLUMENTS

	2018	2017
	£	£
Directors' remuneration	351,865	352,228
Directors' pension contributions to money purchase schemes	<u>34,825</u>	<u>159,891</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>4</u>	<u>4</u>
------------------------	----------	----------

Information regarding the highest paid director is as follows:

	2018	2017
	£	£
Emoluments etc	142,287	143,535
Pension contributions to money purchase schemes	<u>22,498</u>	<u>118,831</u>

6. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2018	2017
	£	£
Hire of plant and machinery	288,136	257,993
Depreciation - owned assets	21,299	18,877
Depreciation - assets on hire purchase contracts and finance leases	14,860	19,478
Loss on disposal of fixed assets	-	890,558
Auditors' remuneration	11,500	11,500
Auditors' remuneration for non audit work	6,775	6,725
Grant income	(26,543)	(18,762)
Gain on financial assets measured at fair value	(24,378)	-
Rental payments under operating lease	<u>65,000</u>	<u>44,055</u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018	2017
	£	£
Bank interest	3,057	2,706
Term loan interest	-	3,100
Non-trading loan provision	20,000	-
Hire purchase	693	3,648
Leasing	<u>3,739</u>	<u>1,350</u>
	<u>27,489</u>	<u>10,804</u>

Notes to the Financial Statements - continued
for the Year Ended 31 May 2018

8. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2018 £	2017 £
Current tax:		
UK corporation tax	51,654	198,836
Deferred tax	9,523	(76,123)
Tax on profit	<u>61,177</u>	<u>122,713</u>

UK corporation tax has been charged at 19% .

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2018 £	2017 £
Profit before tax	<u>233,647</u>	<u>92,015</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 20%)	44,393	18,403
Effects of:		
Expenses not deductible for tax purposes	10,069	8,521
Capital allowances in excess of depreciation	(2,808)	-
Depreciation in excess of capital allowances	-	173,588
Marginal relief	-	(1,676)
Deferred taxation movement	9,523	(76,123)
Total tax charge	<u>61,177</u>	<u>122,713</u>

9. DIVIDENDS

	2018 £	2017 £
Ordinary Shares shares of £0.01 each		
Final	150,000	-
Interim	-	150,000
	<u>150,000</u>	<u>150,000</u>

Notes to the Financial Statements - continued
for the Year Ended 31 May 2018

10. **TANGIBLE FIXED ASSETS**

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1 June 2017	91,488	36,045	226,508	354,041
Additions	44,577	-	26,937	71,514
At 31 May 2018	<u>136,065</u>	<u>36,045</u>	<u>253,445</u>	<u>425,555</u>
DEPRECIATION				
At 1 June 2017	78,218	15,018	194,737	287,973
Charge for year	6,484	9,012	20,663	36,159
At 31 May 2018	<u>84,702</u>	<u>24,030</u>	<u>215,400</u>	<u>324,132</u>
NET BOOK VALUE				
At 31 May 2018	<u>51,363</u>	<u>12,015</u>	<u>38,045</u>	<u>101,423</u>
At 31 May 2017	<u>13,270</u>	<u>21,027</u>	<u>31,771</u>	<u>66,068</u>

Fixed assets, included in the above, which are held under hire purchase contracts and finance leases are as follows:

	Fixtures and fittings £	Motor vehicles £	Totals £
COST			
At 1 June 2017	25,952	36,045	61,997
Additions	39,396	-	39,396
Transfer to ownership	(25,952)	-	(25,952)
At 31 May 2018	<u>39,396</u>	<u>36,045</u>	<u>75,441</u>
DEPRECIATION			
At 1 June 2017	13,235	15,018	28,253
Charge for year	5,848	9,012	14,860
Transfer to ownership	(18,426)	-	(18,426)
At 31 May 2018	<u>657</u>	<u>24,030</u>	<u>24,687</u>
NET BOOK VALUE			
At 31 May 2018	<u>38,739</u>	<u>12,015</u>	<u>50,754</u>
At 31 May 2017	<u>12,717</u>	<u>21,027</u>	<u>33,744</u>

Notes to the Financial Statements - continued
for the Year Ended 31 May 2018

11. FIXED ASSET INVESTMENTS

	Listed investments £
COST OR VALUATION	
At 1 June 2017	300,000
Additions	300,000
Revaluations	24,378
At 31 May 2018	<u>624,378</u>
NET BOOK VALUE	
At 31 May 2018	<u>624,378</u>
At 31 May 2017	<u>300,000</u>

Cost or valuation at 31 May 2018 is represented by:

	Listed investments £
Valuation in 2018	24,378
Cost	<u>600,000</u>
	<u>624,378</u>

Market value of listed investments at 31 May 2018 - £ 624,378 (2017 - £ 300,000).

The investment is classed as a "complex financial instrument" and has been valued at fair value in line with the requirements of FRS 102.

As outlined in the accounting policies, it is the only balance sheet item stated at fair value with all other assets and liabilities stated at amortised cost. The increase in fair value in the year of £24,378 (2017 - nil) has been recognised directly in the profit and loss account.

12. STOCKS

	2018 £	2017 £
Raw materials & consumables	40,666	47,253
Work-in-progress	<u>3,939,358</u>	<u>2,053,701</u>
	<u>3,980,024</u>	<u>2,100,954</u>

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Trade debtors	150,163	177,159
Sundry debtors	5,374	2,174
Recoverable on contracts	2,498,370	1,036,473
Deferred tax asset		
Accelerated depreciation charges	-	9,319
Other debtors	30,565	43,928
Prepayments	<u>28,149</u>	<u>25,777</u>
	<u>2,712,621</u>	<u>1,294,830</u>

Notes to the Financial Statements - continued
for the Year Ended 31 May 2018

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Bank loans and overdrafts (see note 16)	969,182	327,722
Hire purchase contracts and finance leases (see note 17)	11,037	12,746
Trade creditors	4,199,744	2,189,775
Tax	51,654	198,836
Social security and other taxes	181,459	107,853
VAT	174,927	462,342
Other creditors	24,586	15,025
Directors' loan accounts	-	104,685
Accrued expenses	364,184	410,387
	<u>5,976,773</u>	<u>3,829,371</u>

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

	2018	2017
	£	£
Hire purchase contracts and finance leases (see note 17)	<u>29,547</u>	<u>10,944</u>

16. LOANS

An analysis of the maturity of loans is given below:

	2018	2017
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>969,182</u>	<u>327,722</u>

The only remaining facility with the company's bankers is the overdraft. This is shown separately as a liability above, as distinct from the funds held on deposit with the bank as no formal set-off facility exists at the financial year end.

Notes to the Financial Statements - continued
for the Year Ended 31 May 2018

17. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts		Finance leases	
	2018	2017	2018	2017
	£	£	£	£
Gross obligations repayable:				
Within one year	3,447	8,249	9,184	6,540
Between one and five years	-	3,447	34,440	9,810
	<u>3,447</u>	<u>11,696</u>	<u>43,624</u>	<u>16,350</u>
Finance charges repayable:				
Within one year	289	693	1,305	1,350
Between one and five years	-	289	4,893	2,024
	<u>289</u>	<u>982</u>	<u>6,198</u>	<u>3,374</u>
Net obligations repayable:				
Within one year	3,158	7,556	7,879	5,190
Between one and five years	-	3,158	29,547	7,786
	<u>3,158</u>	<u>10,714</u>	<u>37,426</u>	<u>12,976</u>
			Non-cancellable operating leases	
			2018	2017
			£	£
Within one year			65,000	65,000
Between one and five years			21,667	86,667
			<u>86,667</u>	<u>151,667</u>

18. SECURED DEBTS

The following secured debts are included within creditors:

	2018	2017
	£	£
Hire purchase contracts and finance leases	<u>40,584</u>	<u>23,690</u>

Hire purchase and finance lease liabilities are secured over the assets to which they relate.

19. PROVISIONS FOR LIABILITIES

	2018
	£
Deferred tax	
Accelerated depreciation charges	<u>204</u>

Notes to the Financial Statements - continued
for the Year Ended 31 May 2018

19. PROVISIONS FOR LIABILITIES - continued

	Deferred tax
	£
Balance at 1 June 2017	(9,319)
Charge to Profit & Loss Account during year	<u>9,523</u>
Balance at 31 May 2018	<u>204</u>

20. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2018 £	2017 £
Number:	Class:			
203,100	Ordinary Shares	£0.01	<u>2,031</u>	<u>2,031</u>

There is a single class of ordinary shares, ranking pari passu - there are no restrictions on the distribution of dividends and the repayment of capital.

21. PENSION COMMITMENTS

The company operates a defined contribution pension scheme, the assets of which are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable to the fund and amounted to £167,846 in the year (2017 - £260,005).

22. CONTINGENT LIABILITIES

The company have in place performance bonds totalling £681,161 (2017 - nil) in relation to two specific contracts, as requested by the main contractors concerned and designed to compensate that contractor in the event of contractual breach.

23. RELATED PARTY DISCLOSURES

During the year, total dividends of £134,685 (2017 - £134,685) were paid to the directors .

WMQ Technology Limited (a non-trading company with directors in common with the company), and the Weir & McQuiston (Scotland) Limited Discretionary Employee Trust (governed by trustees who are also directors of the company and part of a larger Employee Share Ownership Plan) are both considered to be related parties of the company.

There were no related party transactions between the company and the parties noted above in the year (2017 - nil). Amounts owed to the company by those related parties total £23,927 (2017 - £23,927), and are included within other debtors, being regarded as interest-free and repayable on demand.

The loan balance owed at the end of the previous financial year was repaid to the director concerned in the year under review.

The company made rental payments of £65,000 (2017 - £44,055) to the pension scheme of one of the directors of the company, having sold the property to the scheme in the previous financial year.

Disclosure of directors' remuneration is disclosed elsewhere in the financial statements - the directors are considered to be the only individuals falling within the definition of key management personnel.

Notes to the Financial Statements - continued
for the Year Ended 31 May 2018

24. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Mr G McArthur.

25. EMPLOYEE SHARE OWNERSHIP PLAN

During the course of 2013-14, the company approved and adopted a resolution which granted share options to certain employees of the company, allowing them to purchase shares in the company at a pre-determined price in the event of certain specified events. These options have no fixed term for expiry but will lapse on cessation of employment.

Each employee has been granted an option to purchase up to 12,500 ordinary shares at a price of £7.63 per share. The total shares available under option at the financial year end amounted to 25,000 (2017 - 37,500). No options were exercised in the course of this or prior years, whilst options on 12,500 shares were forfeited during the year under review following the cessation of employment of one qualifying individual.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.