COMPANY REGISTRATION NUMBER: SC271815

Tulloch Developments Limited

Financial Statements

For the year ended

31st March 2016



THE A9 PARTNERSHIP LIMITED
Chartered Accountants & statutory auditor
47 Commercial Road
Lerwick
Shetland
ZE1 0NJ

Tulloch Developments Limited

Financial Statements

Year ended 31st March 2016

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Tulloch Developments Limited

Officers and Professional Advisers

The board of directors	Mr F B Tulloch Mr G F Smith
Company secretary	Mr F B Tulloch
Registered office	Gremista Lerwick Shetland ZE1 0PX
Auditor	The A9 Partnership Limited Chartered Accountants & statutory auditor 47 Commercial Road Lerwick Shetland ZE1 0NJ
Bankers	Clydesdale Bank Plc 106 Commercial Street Lerwick Shetland ZE1 0JJ
Solicitors	Harper Macleod LLP incorporating Dowle, Smith & Rutherford St Olaf's Hall Church Road Lerwick Shetland ZE1 0FD

Tulloch Developments Limited

Strategic Report

Year ended 31st March 2016

Principal activities and business review

The principal activity of the company remains as Civil Engineering Contractors, with a strong bias towards Marine Civil Engineering. The company has been fortunate in securing a substantial package of work from the Lerwick Port Authority to construct the Holmsgarth North Quay which is now reaching a successful completion.

The company continues to tender for contracts and have been successful in securing a package for the Total Gas Plant, associated works for the New Anderson High School and other minor works contracts.

The company is also developing a private housing scheme in Brae, Shetland, which is in the early stages but has encouraging sales to date.

The continued success in winning new work has required an investment in plant and equipment.

Our achieving ISO 9001, ISO 14001 and OHSAS 18001 certification is a significant milestone for the company and affirms our commitment to continual improvement whilst maintaining quality standards, minimising the impact of our activities on the environment and providing the highest levels of health and safety in the workplace.

Principal risks and uncertainties

The Directors recognise the need to manage and react positively to all identified risks.

With the Shetland economy having avoided much of the economic slowdown that has affected many parts of the UK the company has been able to plan for any negative impact of the reduction in the local public sector capital programme and oil related work. This reduction will affect the amount of work available in Shetland.

To ensure the company manages this risk of any downturn the directors have ensured the company's strong balance sheet has been maintained. This has been achieved by diversification, capital asset purchases and its commitment to operating at a standard above the industry norm.

The directors believe focusing on these factors will maintain the strong position of the company and its standing.

Future developments

There is reasonable confidence that the current workload will continue. We already have contracts signed for work well into the next year.

There are several large projects planned to start next year and there would be no reason not to expect a reasonable amount of work to be won from these projects.

Key performance indicators

	2016	2015
Turnover	£14,242,951	£7,860,231
Gross Profit %	39%	30%
EBITDA	£3,899,691	£843,044
Net profit after tax	£2,320,810	£98,223
Capital Expenditure	£1,816,262	£830,166
Number of employees	59	54
Turnover per employee	£241,406	£145,560
Shareholders' funds	£7,469,272	£5,148,462

Tulloch Developments Limited

Strategic Report *(continued)*

Year ended 31st March 2016

This report was approved by the board of directors on 29th September 2016 and signed on behalf of the board by:

Mr F B Tulloch

Director

Registered office:
Gremista
Lerwick
Shetland
ZE1 0PX

Tulloch Developments Limited

Directors' Report *(continued)*

Year ended 31st March 2016

The directors present their report and the financial statements of the company for the year ended 31st March 2016.

Directors

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

Mr F B Tulloch
Mr G F Smith

Dividends

A dividend was declared on 21st July 2016 of £25 per Ordinary Share.

Disclosure of information in the strategic report

We have chosen, in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out in the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. This includes information that would have been included in the business review and the principal risks and uncertainties.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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.

Tulloch Developments Limited

Directors' Report *(continued)*

Year ended 31st March 2016

Auditor

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

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

This report was approved by the board of directors on 29th September 2016 and signed on behalf of the board by:

Mr F B Tulloch

Director

Registered office:
Gremista
Lerwick
Shetland
ZE1 0PX

Tulloch Developments Limited

Independent Auditor's Report to the Members of Tulloch Developments Limited

Year ended 31st March 2016

We have audited the financial statements of Tulloch Developments Limited for the year ended 31st March 2016 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement, set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Tulloch Developments Limited

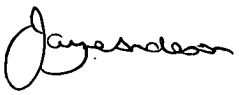
Independent Auditor's Report to the Members of Tulloch Developments Limited *(continued)*

Year ended 31st March 2016

Matters on which we are required to report by exception

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

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



JAYNE ANDERSON (Senior Statutory Auditor)

For and on behalf of
The A9 Partnership Limited
Chartered Accountants & statutory auditor
47 Commercial Road
Lerwick
Shetland
ZE1 0NJ

29/9/2016

Tulloch Developments Limited

Statement of Comprehensive Income

Year ended 31st March 2016

	Note	2016 £	2015 £
Turnover	3	14,242,951	7,860,231
Cost of sales		8,680,657	5,530,663
Gross profit		5,562,294	2,329,568
Administrative expenses		2,699,546	2,300,166
Other operating income	4	59,366	31,961
Operating profit	5	2,922,114	61,363
Interest payable	10	32,453	15,548
Profit on ordinary activities before taxation		2,889,661	45,815
Taxation on ordinary activities	11	565,277	27,146
Profit for the financial year		2,324,384	18,669
Reclassification from revaluation reserve to profit and loss account		(4,468)	99,443
Tax relating to components of other comprehensive income		894	(19,889)
Other comprehensive income for the year		(3,574)	79,554
Total comprehensive income for the year		2,320,810	98,223

All the activities of the company are from continuing operations.

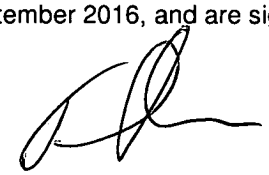
Tulloch Developments Limited

Statement of Financial Position

31st March 2016

	Note	2016 £	2016 £	2015 £
Fixed assets				
Tangible assets	12		3,486,851	2,782,616
Current assets				
Stocks	13	722,275		383,613
Debtors	14	1,394,949		1,871,892
Cash at bank and in hand		4,273,851		2,053,891
		6,391,075		4,309,396
Creditors: amounts falling due within one year	15	1,635,658		1,552,853
Net current assets			4,755,417	2,756,543
Total assets less current liabilities			8,242,268	5,539,159
Creditors: amounts falling due after more than one year	16		653,530	261,051
Provisions				
Taxation including deferred tax	19		119,466	129,646
Net assets			7,469,272	5,148,462
Capital and reserves				
Called up share capital	23		60,000	60,000
Capital redemption reserve	24		30,000	30,000
Profit and loss account	24		7,379,272	5,058,462
Members funds			7,469,272	5,148,462

These financial statements were approved by the board of directors and authorised for issue on 29th September 2016, and are signed on behalf of the board by:



Mr F B Tulloch
Director

Company registration number: SC271815

Tulloch Developments Limited

Statement of Changes in Equity

Year ended 31st March 2016

	Called up share capital £	Revaluation reserve £	Capital redemption reserve £	Profit and loss account £	Total £
At 1st April 2014 (as previously reported)	90,000	–	–	5,784,043	5,874,043
Prior period adjustments	–	–	–	(23,804)	(23,804)
At 1st April 2014 (restated)	90,000	–	–	5,760,239	5,850,239
Profit for the year				18,669	18,669
Other comprehensive income for the year:					
Reclassification from revaluation reserve to profit and loss account	–	–	–	99,443	99,443
Tax relating to components of other comprehensive income **11**	–	–	–	(19,889)	(19,889)
Total comprehensive income for the year	–	–	–	98,223	98,223
Cancellation of subscribed capital	(30,000)	–	30,000	(800,000)	(800,000)
Total investments by and distributions to owners	(30,000)	–	30,000	(800,000)	(800,000)
At 31st March 2015 (as previously reported)	60,000	99,443	30,000	5,002,721	5,192,164
Prior period adjustments	–	(99,443)	–	55,741	(43,702)
At 31st March 2015 (restated)	60,000	–	30,000	5,058,462	5,148,462
Profit for the year				2,324,384	2,324,384
Other comprehensive income for the year:					
Reclassification from revaluation reserve to profit and loss account	–	–	–	(4,468)	(4,468)
Tax relating to components of other comprehensive income **11**	–	–	–	894	894
Total comprehensive income for the year	–	–	–	2,320,810	2,320,810
At 31st March 2016	60,000	–	30,000	7,379,272	7,469,272

Tulloch Developments Limited

Statement of Cash Flows

Year ended 31st March 2016

	2016 £	2015 £
Cash flows from operating activities		
Profit for the financial year	2,324,384	18,669
Adjustments for:		
Depreciation of tangible assets	983,220	683,802
Government grant income	(1,173)	(1,564)
Interest payable	32,453	15,548
Gains on disposal of tangible assets	(46,890)	(239,542)
Taxation on ordinary activities	565,277	27,146
Accrued expenses	25,274	12,788
Changes in:		
Stocks	(338,662)	(116,367)
Trade and other debtors	476,943	82,511
Trade and other creditors	(370,144)	300,740
Cash generated from operations	3,650,682	783,731
Interest paid	(32,453)	(15,548)
Tax paid	(400,953)	(913,902)
Net cash from/(used in) operating activities	3,217,276	(145,719)
Cash flows from investing activities		
Purchase of tangible assets	(1,816,262)	(1,230,723)
Proceeds from sale of tangible assets	171,229	519,257
Net cash used in investing activities	(1,645,033)	(711,466)
Cash flows from financing activities		
Purchase of own shares	–	(800,000)
Proceeds from borrowings	8,476	(38,757)
Government grant income	1,173	1,564
Payments of finance lease liabilities	638,068	186,333
Net cash from/(used in) financing activities	647,717	(650,860)
Net increase/(decrease) in cash and cash equivalents	2,219,960	(1,508,045)
Cash and cash equivalents at beginning of year	2,053,891	3,561,936
Cash and cash equivalents at end of year	4,273,851	2,053,891

Tulloch Developments Limited

Notes to the Financial Statements

Year ended 31st March 2016

1. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

2. Accounting policies

Basis of preparation

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

The financial statements are prepared in sterling, which is the functional currency of the entity.

Company information

The company is a private limited company, limited by Ordinary shares, registered in Scotland with the registration number SC271815. The company's registered address is Gremista, Lerwick, Shetland, ZE1 0PX. This is also their place of business. Descriptions of the nature of the company's operations and principal activities are disclosed in the Strategic report.

Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 1st April 2014. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 28.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgements

Management do not believe that there are any judgements (apart from those involving estimations) that they have made in the process of applying the entity's accounting policies that will have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The company believes that there are no areas of material estimation uncertainty which give risk to a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the financial year.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Tulloch Developments Limited

Notes to the Financial Statements *(continued)*

Year ended 31st March 2016

2. Accounting policies *(continued)*

Revenue recognition *(continued)*

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Lease income is recognised in profit or loss on a straight line basis over the lease term. The aggregate cost of lease incentives are recognised as a reduction to income over the lease term on a straight-line basis. Costs, including depreciation, incurred in earning the lease income are recognised as an expense. Any initial direct costs incurred in negotiating and arranging the operating lease are added to the carrying amount of the lease and recognised as an expense over the lease term on the same basis as the lease income.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Tulloch Developments Limited

Notes to the Financial Statements *(continued)*

Year ended 31st March 2016

2. Accounting policies *(continued)*

Tangible assets *(continued)*

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold Property	-	2% straight line
Short Leasehold Property	-	4% straight line
Plant and Machinery	-	25% reducing balance
Motor Vehicles	-	33% reducing balance
Office Equipment	-	33% reducing balance

Investment property

Investment property is initially recorded at cost, which includes purchase price and any directly attributable expenditure.

Investment property is revalued to its fair value at each reporting date and any changes in fair value are recognised in profit or loss.

If a reliable measure of fair value is no longer available without undue cost or effort for an item of investment property, it shall be transferred to tangible assets and treated as such until it is expected that fair value will be reliably measurable on an on-going basis.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Tulloch Developments Limited

Notes to the Financial Statements *(continued)*

Year ended 31st March 2016

2. Accounting policies *(continued)*

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model and the performance model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset.

Under the performance model, where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

Construction contracts

Where the outcome of construction contracts can be reliably estimated, contract revenue and contract costs are recognised by reference to the stage of completion of the contract activity as at the period end.

Where the outcome of construction contracts cannot be estimated reliably, revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable, and contract costs are recognised as an expense in the period in which they are incurred.

Tulloch Developments Limited

Notes to the Financial Statements *(continued)*

Year ended 31st March 2016

2. Accounting policies *(continued)*

Construction contracts *(continued)*

When it is probable that total contract costs will exceed total contract revenue, the expected loss is expensed immediately, with a corresponding provision for an onerous contract being recognised.

Where the collectability of an amount already recognised as contract revenue is no longer probable, the uncollectible amount is expensed rather than recognised as an adjustment to the amount of contract revenue.

The entity uses the percentage of completion method to determine the amounts to be recognised in the period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred for work performed to date do not include costs relating to future activity, such as for materials or prepayments.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship (see hedge accounting policy).

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

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

Tulloch Developments Limited

Notes to the Financial Statements *(continued)*

Year ended 31st March 2016

2. Accounting policies *(continued)*

Financial instruments *(continued)*

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

The company also makes ad hoc contributions to directors' private pension schemes as part of their remuneration. These are recognised as an expense in the period in which the related service is provided.

3. Turnover

Turnover arises from:

	2016	2015
	£	£
Sale of goods and services	1,002,284	1,425,738
Construction contracts	13,240,667	6,434,493
	14,242,951	7,860,231

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

4. Other operating income

	2016	2015
	£	£
Rental income	33,263	–
Government grant income	1,173	1,564
Other operating income	24,930	30,397
	59,366	31,961

5. Operating profit

Operating profit or loss is stated after charging:

	2016	2015
	£	£
Depreciation of tangible assets	983,218	683,802
Gains on disposal of tangible assets	(46,890)	(239,542)
Operating lease rentals	–	10,210
Foreign exchange differences	17,386	3,491
Defined contribution plans expense	85,693	1,200

Tulloch Developments Limited

Notes to the Financial Statements *(continued)*

Year ended 31st March 2016

6. Auditor's remuneration

	2016	2015
	£	£
Fees payable for the audit of the financial statements	12,300	12,200

7. Remuneration receivable by auditors for other services

Fees payable to the company's auditor and its associates for other services included: £350 (2015: £350) for Tax compliance services; £445 (2015: nil) for Taxation advisory services and £15,719 (2015: £12,363) for Other non-audit services.

8. Particulars of employees

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

	2016	2015
	No.	No.
Production staff	52	47
Administrative staff	4	4
Management staff	3	3
	59	54

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

	2016	2015
	£	£
Wages and salaries	2,254,165	1,798,700
Social security costs	236,122	186,520
Other pension costs	85,693	1,200
	2,575,980	1,986,420

9. Directors' remuneration

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

	2016	2015
	£	£
Remuneration	198,138	204,912
Company contributions to defined contribution pension plans	76,756	700
	274,894	205,612

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

	2016	2015
	No.	No.
Defined contribution plans	2	1

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

	2016	2015
	£	£
Aggregate remuneration	99,084	97,242
Company contributions to defined contribution pension plans	38,500	600
	137,584	97,842

Tulloch Developments Limited

Notes to the Financial Statements *(continued)*

Year ended 31st March 2016

10. Interest payable

	2016 £	2015 £
Interest on obligations under finance leases and hire purchase contracts	33,430	15,548
Other interest payable and similar charges	(977)	–
	32,453	15,548

11. Taxation on ordinary activities

Major components of tax expense

	2016 £	2015 £
Current tax:		
UK current tax expense/(income)	574,563	(78,002)
Adjustments in respect of prior periods	–	11,071
Total current tax	574,563	(66,931)
Deferred tax:		
Origination and reversal of timing differences	(9,286)	94,077
Taxation on ordinary activities	565,277	27,146

Tax recognised as other comprehensive income or equity

The aggregate current and deferred tax relating to items recognised as other comprehensive income or equity for the year was £(894) (2015: £19,889).

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2015: higher than) the standard rate of corporation tax in the UK of 20% (2015: 23%).

	2016 £	2015 £
Profit on ordinary activities before taxation	2,889,661	45,814
Profit on ordinary activities by rate of tax	577,039	10,540
Adjustment to tax charge in respect of prior periods	–	11,071
Effect of expenses not deductible for tax purposes	1,924	2,639
Effect of capital allowances and depreciation	5,213	(35,725)
Effect of revenue exempt from tax	(9,613)	(55,454)
Rounding on tax charge	–	(2)
Tax on profit on ordinary activities	574,563	(66,931)

Tulloch Developments Limited

Notes to the Financial Statements *(continued)*

Year ended 31st March 2016

12. Tangible assets

	Land and buildings £	Plant and machinery £	Motor vehicles £	Equipment £	Investment property £	**Total £**
Cost						
At 1 Apr 2015	107,570	5,016,843	297,453	25,362	500,000	5,947,228
Additions	–	1,783,577	26,351	1,866	4,468	1,816,262
Disposals	–	(438,516)	(20,354)	–	–	(458,870)
Revaluations	–	–	–	–	(4,468)	(4,468)
At 31 Mar 2016	107,570	6,361,904	303,450	27,228	500,000	7,300,152
Depreciation						
At 1 Apr 2015	7,151	2,965,340	172,433	19,688	–	3,164,612
Charge for the year	3,152	927,953	49,600	2,515	–	983,220
Disposals	–	(315,246)	(19,285)	–	–	(334,531)
At 31 Mar 2016	10,303	3,578,047	202,748	22,203	–	3,813,301
Carrying amount						
At 31 Mar 2016	97,267	2,783,857	100,702	5,025	500,000	3,486,851
At 31 Mar 2015	100,419	2,051,503	125,020	5,674	500,000	2,782,616

The investment property was revalued by Michael Thomson, FRICS, an independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the investment property as at 16 April 2015. This valuation was on the basis of an open market value in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors. The directors are of the opinion that there are no material changes to the value of the property as at 31 March 2016. The historic cost equivalent of the property is £400,557. The property is currently being rented on a long-term lease with an expected end date of May 2025.

Amounts shown within Land and buildings can be split as follows:

	Short leasehold property £	Freehold property £	Total £
Cost	50,000	57,570	107,570
Depreciation brought forward	6,000	1,151	7,151
Depreciation charge	2,000	1,152	3,152
	8,000	2,303	10,303
Carrying amount	42,000	55,267	97,267

A floating charge is held over the general assets of the company in favour of the Clydesdale Bank, in respect of the banking facilities.

Tulloch Developments Limited

Notes to the Financial Statements *(continued)*

Year ended 31st March 2016

12. Tangible assets *(continued)*

Finance leases and hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

	Plant and machinery £
At 31st March 2016	1,379,608
At 31st March 2015	609,151

13. Stocks

	2016 £	2015 £
Raw materials	94,104	89,009
Work in progress	628,171	294,604
	722,275	383,613

14. Debtors

	2016 £	2015 £
Trade debtors	467,631	797,581
Amounts owed by customers on construction contracts	862,801	631,988
Prepayments and accrued income	53,434	324,405
Corporation tax repayable	–	108,953
Other debtors	11,083	8,965
	1,394,949	1,871,892

15. Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	502,586	787,250
Accruals and deferred income	190,338	165,064
Corporation tax	173,610	–
Social security and other taxes	251,285	366,403
Obligations under finance leases and hire purchase contracts	452,777	208,361
Director loan accounts	30,506	22,030
Other creditors	21,000	–
Other creditors	13,556	3,745
	1,635,658	1,552,853

Hire purchase debt is secured on the assets financed and amounts to £452,777 at the balance sheet date.

Tulloch Developments Limited

Notes to the Financial Statements *(continued)*

Year ended 31st March 2016

16. Creditors: amounts falling due after more than one year

	2016	2015
	£	£
Accruals and deferred income	3,519	4,692
Obligations under finance leases and hire purchase contracts	650,011	256,359
	653,530	261,051

Hire purchase debt is secured on the assets financed and amounts to £650,011 at the balance sheet date.

17. Finance leases and hire purchase contracts

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

	2016	2015
	£	£
Not later than 1 year	477,262	226,417
Later than 1 year and not later than 5 years	668,486	260,163
	1,145,748	486,580
Less: future finance charges	(42,960)	(21,860)
Present value of minimum lease payments	1,102,788	464,720

18. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2016	2015
	£	£
Included in provisions (note 19)	119,466	129,646

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

	2016	2015
	£	£
Accelerated capital allowances	100,471	109,757
Revaluation of investment property	18,995	19,889
	119,466	129,646

It is not possible to reliably measure the amount of the net reversal of deferred tax assets and liabilities expected to occur during the year beginning after the reporting period.

There is no expiry date for any of the timing differences.

19. Provisions

	Deferred tax (note 18)
	£
At 1st April 2015	129,646
Additions	(10,180)
At 31st March 2016	119,466

Tulloch Developments Limited

Notes to the Financial Statements *(continued)*

Year ended 31st March 2016

20. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £85,693 (2015: £1,200).

The amount recognised in the profit and loss as an expense includes the contributions made to directors' personal pension schemes.

21. Government grants

The amounts recognised in the financial statements for government grants are as follows:

	2016	2015
	£	£
Recognised in creditors:		
Deferred government grants due after more than one year	3,519	4,692
Recognised in other operating income:		
Government grant income	1,173	1,564

22. Financial instruments

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

	2016	2015
	£	£
Financial liabilities		
Financial liabilities measured at amortised cost	(1,102,788)	(464,720)

Financial liabilities measured at amortised cost relate to hire purchase agreements. These agreements are at various interest rates and are all due in less than 5 years. Total interest recognised for the year totalled £33,430 (2015: £15,548). Further details can be seen in note 16.

23. Called up share capital

Issued, called up and fully paid

	2016		2015	
	No.	£	No.	£
Ordinary shares of £1 each	60,000	60,000	60,000	60,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

24. Reserves

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

Profit and loss account - This reserve records retained earnings and accumulated losses, including the impact of fair value adjustments on investment properties.

Tulloch Developments Limited

Notes to the Financial Statements *(continued)*

Year ended 31st March 2016

25. Commitments under operating leases

As lessor

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

	2016	2015
	£	£
Not later than 1 year	44,292	–
Later than 1 year and not later than 5 years	177,167	–
Later than 5 years	188,239	–
	409,698	–

A ten-year operating lease is in place in relation to the company's investment property. Rental amounts received are recognised in the profit and loss when the company is entitled to the economic benefits. Rent reviews will take place at the expiry of the fifth year and of each fifth year thereafter. The tenant shall have three consecutive options to extend the duration of the Lease, each for a period of five years, provided that the Tenant serves not less than six months prior written notice on the Landlord of the Tenant's intention to exercise such option, said notice to terminate not later than the date on which the lease would otherwise terminate.

26. Directors' advances, credits and guarantees

No advances, credits or guarantees were made to the directors during the year. Related party disclosures are included in note 27.

27. Related party transactions

During the year to 31 March 2016, the company was under the control of the two directors, Mr F Tulloch and Mr G Smith, who are the only and equal shareholders.

At 01/04/15, the company owed Mr F Tulloch £11,000. Unpaid wages of £5,781 were allocated to Mr Tulloch's current account during the year. Mr Tulloch also purchased goods from the company during the year to the value of £4,942. Amounts of £3,360 remained outstanding at the year end. As a result of these transactions, the company owed Mr F Tulloch £13,421 at 31 March 2016. No interest is being charged on this balance and no terms have been agreed.

At 01/04/14, the company owed Mr G Smith £11,030. Unpaid wages of £5,783 were allocated to Mr Smith's current account during the year. Mr Smith also purchased goods on behalf of the company amounting to £272. As a result of these transactions, the company owed Mr G Smith £17,085 at 31 March 2016. No interest is being charged on this balance and no terms have been agreed.

Mr F Tulloch is also a director of Tulloch Developments Properties Limited. During the year Tulloch Developments Properties Limited provided services totalling £31,285 (2015: £31,167) to Tulloch Developments Limited, including permission to use land belonging to Tulloch Development Properties Limited for an annual consideration of £30,000 (2015: £30,000). As at 31 March 2016 a balance of £7,500 was owed to Tulloch Development Properties Ltd (2015: £7,500). Additionally during the year, amounts of £108 were paid by Tulloch Development Properties Limited on behalf of Tulloch Developments Limited. As a result, amounts of £862 (2015: £754) are due to Tulloch Development Properties Limited and this balance is included within other creditors.

Tulloch Developments Limited

Notes to the Financial Statements *(continued)*

Year ended 31st March 2016

27. Related party transactions *(continued)*

Key management personnel include all persons that have authority and responsibility for planning, directing and controlling the activities of the company. The total compensation paid to key management personnel for services provided to the company was £637,661 (2015: £464,985).

28. Transition to FRS 102

These are the first financial statements that comply with FRS 102. The company transitioned to FRS 102 on 1st April 2014.

Reconciliation of equity

	1st April 2014			31st March 2015		
	As previously stated	Effect of transition	FRS 102 (as restated)	As previously stated	Effect of transition	FRS 102 (as restated)
	£	£	£	£	£	£
Fixed Assets	2,415,967	–	2,415,967	2,782,616	–	2,782,616
Current Assets	5,783,585	–	5,783,585	4,303,443	5,953	4,309,396
Creditors: amounts falling due within one year	(2,188,870)	(19,747)	(2,208,617)	(1,534,437)	(18,416)	(1,552,853)
Net current assets	3,594,715	(19,747)	3,574,968	2,769,006	(12,463)	2,756,543
Total assets less current liabilities	6,010,682	(19,747)	5,990,935	5,551,622	(12,463)	5,539,159
Creditors: amounts falling due after more than one year	(120,959)	(4,057)	(125,016)	(249,700)	(11,351)	(261,051)
Provisions	(15,680)	–	(15,680)	(109,757)	(19,889)	(129,646)
Net assets	5,874,043	(23,804)	5,850,239	5,192,164	(43,702)	5,148,462
Capital And Reserves	5,874,043	(23,804)	5,850,239	5,192,164	(43,702)	5,148,462

Tulloch Developments Limited

Notes to the Financial Statements *(continued)*

Year ended 31st March 2016

28. Transition to FRS 102 *(continued)*

Reconciliation of profit or loss for the year

	Year ended 31st March 2015		
	As previously stated	Effect of transition	FRS 102 (as restated)
	£	£	£
Turnover	7,860,231	–	7,860,231
Cost of sales	(5,533,123)	2,460	(5,530,663)
Gross profit	2,327,108	2,460	2,329,568
Administrative expenses	(2,300,166)	–	(2,300,166)
Other operating income	31,961	–	31,961
Operating profit	58,903	2,460	61,363
Interest payable	(13,077)	(2,471)	(15,548)
Taxation on ordinary activities	(27,148)	2	(27,146)
Profit for the financial year	18,678	(9)	18,669
Reclassification from revaluation reserve to profit and loss account	–	99,443	99,443
Tax relating to components of other comprehensive income	–	(19,889)	(19,889)
Total comprehensive income	18,678	79,545	98,223

The following restatements have been made on transition to FRS102:

Hire Purchase and Finance Leases
Previously, interest and charges were recognised on a straight line basis over the term of the agreement. On transition to FRS102 this has been restated to be recognised on an amortised cost basis using the effective interest method.

Holiday Pay Accrual
Accruals for holiday pay earned but expected to be taken in the subsequent financial year were not previously recognised. Under FRS102 the company is required to accrue for all such amounts at the date of the statement of the financial position.

Investment Property
Previously, the impact of revaluations of investment property were taken to the statement of total recognised gains and losses. Under FRS102 changes in the fair value of investment property are recognised in the statement of comprehensive income, with a corresponding adjustment to deferred tax provision.

No other material adjustments have been made on transition to FRS102.

Tulloch Developments Limited

Management Information

Year ended 31st March 2016

The following pages do not form part of the financial statements.

Tulloch Developments Limited

Detailed Income Statement

Year ended 31st March 2016

	2016 £	2015 £
Turnover	14,242,951	7,860,231
Cost of sales		
Opening stock and work in progress	383,613	267,246
Purchases	6,670,946	3,918,434
Levy	172,252	63,722
Direct wages	1,964,038	1,510,592
National insurance contributions on direct labour	203,594	153,782
Pension costs - direct labour	8,488	500
	9,402,931	5,914,276
Closing stock and work in progress	722,274	383,613
	8,680,657	5,530,663
Gross profit	5,562,294	2,329,568
Overheads		
Administrative expenses	2,699,546	2,300,166
Other operating income	59,366	31,961
Operating profit	2,922,114	61,363
Interest payable	32,453	15,548
Profit on ordinary activities before taxation	2,889,661	45,815

Tulloch Developments Limited

Notes to the Detailed Income Statement

Year ended 31st March 2016

	2016 £	2015 £
Administrative expenses		
Directors salaries	198,138	204,912
Directors national insurance contributions	24,930	25,914
Directors pension contributions	76,756	700
Administrative staff salaries	91,989	83,196
Admin employers national insurance contributions	7,598	6,824
Admin staff pension contributions	449	–
Rent, rates and water	76,246	83,940
Heat and light	52,591	41,402
Insurance	182,955	189,865
Repairs and maintenance	4,329	18,314
Plant and vehicle maintenance	902,910	1,051,520
Travel and subsistence	–	427
Telephone	7,793	12,217
Protective clothing	22,271	24,843
Printing postage and stationery	22,343	38,702
Sundry expenses	2,009	71
Subscriptions and donations	16,180	14,493
Advertising	3,195	7,167
Entertaining	2,820	1,838
Legal and professional fees	16,214	10,538
Accountancy fees	16,514	12,713
Auditors remuneration	12,300	12,200
Depreciation of tangible assets	983,218	683,802
(Gain)/loss on disposal of tangible assets	(46,890)	(239,542)
Bad debts written off	1,742	–
Provision for doubtful debts	–	(3,171)
Operating lease payments - equipment	–	10,210
Bank charges	3,560	3,580
Foreign currency gains/losses	17,386	3,491
	2,699,546	2,300,166
Other operating income		
Operating lease rental income (non-contingent)	33,263	–
Government grant income	1,173	1,564
Other operating income	15,080	30,397
Insurance claims	9,850	–
	59,366	31,961
Interest payable		
Interest on hire purchase and finance lease contracts	33,430	15,548
Corporation tax interest	(977)	–
	32,453	15,548