Land Engineering (Scotland) Limited

Annual report and financial statements

Registered number SC070682

31 August 2014

Contents

Officers and professional advisors

Directors

Stuart Dillett
John N Macdonald
Iain Ross

Secretary

John N Macdonald

Registered office

Gardrum House
Fenwick
KA3 6AS

Bankers

Bank of Scotland plc
30/34 King Street
Kilmarnock
KA1 1NP

Solicitors

Brodies LLP
2 Blyuthswood Square
Glasgow
G2 4AD

Independent Auditor

KPMG LLP
191 West George Street
Glasgow
G2 2LJ

Strategic report

The directors present their strategic report for the year ended 31 August 2014.

Principal activities

The principal activities of the Company are those of civil engineering, landscape and ground maintenance contracting.

Business review

The results of the year at set out in the profit and loss account on page 8.

Each of our core market sectors have continued to be affected by the wider economic downturn experienced in the funding available for development and regeneration across both private and public organisation and the revenue available for ongoing maintenance services within publicly funded customer groups.

In addition to a reduction in opportunities, each of these sectors continues to be inundated with a diverse range of competitors resulting in a market place which is highly price driven.

However; despite these prevailing market conditions we are pleased to report another profitable year of trading albeit lower than previous years.

Throughout 2014 we have continued to invest in improving how we deliver for our customers in each of our operating disciplines and developing a leaner approach in both our business processes and our management and support functions. Additionally we continue to work towards the introduction of new technology and equipment to support our operations and new models of delivery for our customers.

As we start our new trading year the returns from these improvements and developments will start to emerge through our 2014/15 financial performance.

We enter the new financial year on a positive note with a solid order book and with an increase in pricing opportunities through the start of our new financial year. Early indications for 2015 and 2016 show an increasing confidence across each of our customer sectors, with workload and opportunities being secured now for each of the next two financial years.

Our people remain fully committed to client delivery and the Board take this opportunity to note their gratitude for their hard work.

Summary of financial results

Our revenue reduced to £42,888,000 compared to our previous year's performance of £45,236,000. Our early revenue was impacted by not only a significant reduction in reactive winter maintenance due to the exceptionally mild conditions of 2013/14 but also the impact of a number of key customers' expenditure decisions around contract awards being delayed, reduced or cancelled. We are pleased that despite these factors we were able to limit this shortfall to 5%.

Whilst the 2014 financial year reported a reduction in profitability against previous years we continued to make progress towards our long term strategy of delivering a sustainable, predictably profitable organisation.

As set out in the profit and loss account on page 8, the Company made a pre-tax profit of £97,000 (*2013: £1,235,000*) on turnover of £42,888,000 (*2013: £45,236,000*).

Key financial highlights are set out below:

	2014 (£000)	**2013 (£000)**
EBITDA	1,521	2,678
Depreciation	1,365	1,327
EBITA	156	1,351
Interest and amortisation	59	116
Profit before tax	97	1,235

Strategic report *(continued)*

Summary of financial results *(continued)*

During the year the Company suffered losses across a small number of contracts which impacted significantly on our profitability. Steps have been taken throughout 2014 to improve the internal processes and controls involved in delivering our operational activities to avoid this recurring.

In addition, a number of our profitable frameworks were affected by delays in capital spend due to a number of factors, including the uncertainty around the independence referendum suppressing both our revenue and profit performance.

In a drive to deliver a greater level of sustainable work opportunities and develop longer term customer relationships, the Company required to draw on its bank overdraft facilities to meet a demand for more working capital as a result of a change in our client mix and the balance between achieving a more sustainable workload, but accepting longer payment terms as a result. We ended the year with an overdraft of £1,669,000 compared to net funds of £1,290,000 at the start of the year.

Our expectations are that these factors will not have the same impact on the forthcoming financial year.

Principal risks and uncertainties

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

Regulatory compliance – The Company manages this risk across its business with dedicated technical resource and active involvement in trade bodies. Regulatory risks include:

Health and safety – With a predominance of full time employees, their health and safety is of paramount importance as is the avoidance of uncontrolled activities that may lead to injury or death. Our operational management and supervisor teams are trained in recognising and mitigating the potential of health and safety risks in our operations supported by our dedicated health and safety professionals. We have detailed health and safety policies and procedures which are followed and inform the Company's approach to mitigate the risk of harm to our employees, sub-contractors or members of the public.

These are reviewed annually and monitored regularly by our operational teams and our dedicated health and safety professionals.

Environmental protection – Much of our activities have the potential to harm the environment, in particular through the generation of waste and the avoidance of pollution. Our operational planning and compliance to our procedures provide the framework for mitigating events that may be harmful to the environment.

SIA compliance – As a contracting business we are at risk of unsolicited approaches by bogus security businesses. These present a risk in unlawful damage to property and work and the risk of intimidation. We currently operate a supply chain of SIA approved security businesses with the support of Police Scotland to mitigate this threat.

Future sales – We have conducted a comprehensive review of our customer base and are developing a structured approach to customer management to increase the visibility of future work opportunities and the close alignment of our direction with our key customer groups. We have continued to develop rigour around our estimating process which provides a framework for review at each stage, based on a number of criteria against the potential to deliver the work profitably and the ability to meet client expectations.

Contract delivery – The mitigation of financial loss and reputational damage requires us to deliver contracts on time, to client requirements and within our tendered estimates. Each business area has defined operating procedures to ensure that contracts are consistently delivered and are monitored through management and commercial reviews at all stages of the contract cycle.

Cash flow – Our cash flow requirement can fluctuate throughout the year dependent on overall activity, the impact of specific contracts and seasonality along with other factors. We manage cash requirements closely with cash forecasts set, reviewed and updated on an annual, monthly and weekly basis.

Liability claims – the Company manages this risk through a detailed process of recording all incidents and near misses, full incident investigation and an educational process of lessons learned. We maintain insurance levels appropriate to the business through third party technical advice.

Litigation – The Directors are not aware of any material litigation against the group.

Strategic report *(continued)*

Key areas of strategic development

Key areas of strategic development include:

Sustainable growth – We aim to identify, develop and secure revenue streams which provide profitable work across financial years.

Customer and supply chain – We aim to develop stronger relationships with clients and key supply chain partners through the identification of value and introducing innovative ways of working together.

Develop our people – We aim to ensure the right structures, roles and people are in place and we aim to continually develop the right management and training.

Improve how we work – We aim to deliver quality projects and services by improving our management processes and communications.

Strong cash position – We aim to deliver our work profitably, have strong cost management and thereby ensure a positive cash flow.

Key performance indicators

Key financial performance indicators include the monitoring of the management of profitability and working capital.

Financial	2014	2013	Measure
EBITA (£000)	156	1,351	Earnings before interest, tax and amortisation
Current ratio	1.34	1.39	Current assets: current liabilities
Net cash movement (£000)	(£2,969)	£1,300	Movement in net cash
Unpaid days	77	51	WIP and trade debtors/average turnover

Key non-financial performance indicators include the monitoring of future workload and our employees' health and safety.

Non-Financial			
Order book value	£28.0m	£29.9m	Value of future secured and profitable contract value
Accident Frequency Rate	0.06	0.12	Number of accidents per worked hours

Financing

The core funding of the business is achieved through the use of retained profits, bank revolving credit and overdraft facilities. On 9 December 2014 the Company renewed its bank facilities for the forthcoming year.

The fluctuating funding requirement of the Company, which is impacted by contractual, seasonal and other requirements, is managed through continual forecasting of cashflows and the management of working capital through the monitoring and adherence to contractual requirements.

After taking account of the current order book, tendering opportunities, existing contracts and the existing financial resources, the most recent forecasts show that the Company will be able to operate within its agreed facilities for the foreseeable future.

By order of the board

John N Macdonald
Director

Gardrum House
Fenwick
Ayrshire
KA3 6AS
3 March 2015

Directors' report

The directors present their directors report and the audited financial statements for the year ended 31 August 2014.

Directors

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

Stuart Dillett
John N Macdonald
Iain Ross (appointed 12 September 2014)
David J Irvine (resigned 19 November 2013)
Charles J Barrett (resigned 2 October 2013)

Directors' indemnities

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

Environment

The Land Engineering group recognises the importance of its environmental responsibilities, and designs and implements policies to reduce any damage that might be caused by the group's activities. The group has successfully secured accreditation to ISO 14001 Environmental Management Systems.

Employees

Details of the number of employees and related costs can be found in note 3 to the financial statements on page 12.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

The company participates in the group's policies and practices to keep employees informed on matters relevant to them as employees through regular meetings and newsletters.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that 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 confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

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

By order of the board

John N Macdonald
Director

Gardrum House
Fenwick
KA3 6AS
3 March 2015

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 have general responsibility to taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG LLP
191 West George Street
Glasgow
G2 2LJ
United Kingdom

Independent auditor's report to the members of Land Engineering (Scotland) Limited

We have audited the financial statements of Land Engineering (Scotland) Limited for the year ended 31 August 2014 set out on pages 8 to 17. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 31 August 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with UK 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.

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.

Philip Charles (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
9 March 2015

Profit and loss account
for the year ended 31 August 2014

	Note	2014 £000	2013 £000
Turnover	1	**42,888**	45,236
Cost of sales		**(36,782)**	(37,913)
Gross profit		**6,106**	7,323
Administrative expenses		**(6,310)**	(6,170)
Other operating income		**360**	198
Operating profit	2	**156**	1,351
Interest receivable and similar income	4	**1**	5
Interest payable and similar charges	5	**(60)**	(121)
		(59)	(116)
Profit on ordinary activities before taxation		**97**	1,235
Taxation on profit on ordinary activities	6	**(30)**	(348)
Profit for the financial year	15	**67**	887

Movements in reserves are shown in the notes to the financial statements.

There are no recognised gains or losses in 2014 or 2013 other than the profits in those years. Accordingly a Statement of Total Recognised Gains and Losses is not provided.

All results are from continuing operations.

Balance Sheet
at 31 August 2014

	Note	**2014** **£000**	2013 £000
Fixed assets			
Tangible fixed assets	*7*	**3,815**	4,010
Current assets			
Stocks	*8*	**230**	30
Debtors	*9*	**16,720**	12,599
Cash at bank and in hand		**-**	1,455
		16,950	14,084
Creditors: amounts falling due within one year	*10*	**(12,657)**	(10,113)
Net current assets		**4,293**	3,971
Total assets less current liabilities		**8,108**	7,981
Creditors: amounts falling due after more than one year	*11*	**(485)**	(425)
Net assets		**7,623**	7,556
Capital and reserves			
Called up share capital	*13*	**5**	5
Other reserves	*14*	**5**	5
Profit and loss account	*15*	**7,613**	7,546
Equity shareholder's funds	*16*	**7,623**	7,556

These financial statements were approved by the board of directors on 3 March 2015 and were signed on its behalf by:

John N Macdonald
Director

Notes
(forming part of the financial statements)

1 Accounting policies

Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. The principal accounting policies are summarised below and have been applied consistently in the current and preceding year.

Basis of preparation

The company's principal risks and uncertainties, including liquidity risk, are described in the strategic report. Having considered forecast results including reasonably possible sensitivities, the directors expect the company to remain profitable in the foreseeable future.

On this basis, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Tangible fixed assets

Tangible fixed assets are stated at cost net of depreciation and any provisions for impairment. Depreciation is provided on all fixed assets at rates calculated to write off their cost less any residual value over their estimated useful lives at the following annual rates:-

Motor vehicles	25% straight line
Plant and machinery	15% straight line
Fixtures and fittings	20% straight line
Freehold buildings	2.5% - 15% straight line

Freehold land is not depreciated.

Leases and hire purchase contracts

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives.. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account overt the period of the leases to provide a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, expect that assets are depreciated over their useful lives.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis. Net realisable value is based on estimated selling price less the estimated costs of sale. Provision is made for obsolete, slow moving or defective items where appropriate.

Long term contracts

Amounts recoverable on contracts, which are included in debtors, are stated at the net sales value of the work done less amounts received as progress payments on account. Excess progress payments and accrued costs on the contracts are included in creditors as payments on account. Provision is made for any foreseeable losses.

Cash flow statement

No cash flow statement has been prepared in accordance with the exemption conferred by Financial Reporting Standard No 1 'Cash Flow Statements' (Revised 1996), as the company is included in the consolidated financial statements of Gardrum Investments Limited, the ultimate parent company.

Notes *(continued)*

1 Accounting policies *(continued)*

Taxation

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

Deferred taxation is recognised, without discounting, in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more taxation in the future or a right to pay less taxation in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in taxation assessments in periods different from those in which they are recognised in the financial statements.

A net deferred taxation asset is recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Pension costs

The company operates a defined contribution scheme. The charge for pension costs in the year is the contributions payable to the pension scheme in respect of the accounting period.

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business net of value added tax.

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of the total contract value which costs incurred to date bear to total expected costs for that contract.

The turnover for the year was derived from the company's principal activity. All of the turnover is attributable to the United Kingdom market.

2 Operating profit

	2014	2013
	£000	£000
Operating profit is stated after charging/(crediting):		
Depreciation of tangible fixed assets:		
Owned assets	**607**	733
Assets under finance leases and hire purchase contracts	**758**	594
Auditor's remuneration		
Company audit fees	**21**	24
Other services relating to taxation	**7**	6
Gain on sale of fixed assets	**(154)**	(131)

Notes *(continued)*

3 Directors and employees

	2014 £000	2013 £000
Staff costs		
Wages and salaries	**10,519**	10,535
Social security costs	**962**	934
Pension costs (note 17)	**169**	172
	11,650	11,641

	2014 £000	2013 £000
Average monthly number employed:		
Administration/directors	**125**	124
Labourers	**290**	289
	415	413

Directors

	2014 £000	2013 £000
Aggregate emolument	**34**	191
Pension costs	**10**	3
	44	194

4 Interest receivable and similar income

	2014 £000	2013 £000
Bank interest receivable	**1**	5

5 Interest payable and similar charges

	2014 £000	2013 £000
Bank interest	**3**	55
Finance lease and hire purchase interest	**57**	66
	60	121

Notes *(continued)*

6 Taxation on profit on ordinary activities

	2014 £000	2013 £000
UK corporation taxation on profit on ordinary activities at 21.64% (2013: 23.58%)	**45**	382
Adjustment in respect of prior years	**-**	(17)
Total current taxation	**45**	365
Deferred taxation for the year (note 12)	**(15)**	(17)
Total tax charge	**30**	348

The taxation assessed for the year differ to that resulting from applying the average standard rate of corporation taxation in the United Kingdom. Differences are explained below:

	2014 £000	2013 £000
Profit on ordinary activities before taxation	**97**	1,235
Taxation charge thereon at 21.64% (2013: 23.58%)	**21**	291
Factors affecting charge for the year:		
Expenses not deductible for taxation purposes	**8**	8
Depreciation in excess of capital allowances	**22**	34
Movement in short term timing differences	**4**	-
Adjustments relating to prior periods	**-**	32
Other items	**(10)**	-
	45	365

The Finance Bill 2013, which provides for a reduction in the main rate of corporation tax to 20% effective from 1 April 2015, was substantively enacted on 2 July 2013. In the current period the tax rate has fallen from 23% to 21% giving rise to the hybrid rate used above.

Notes *(continued)*

7 Tangible fixed assets

	Freehold land and buildings £000	Motor vehicles £000	Plant and machinery £000	Fixtures and fittings £000	Total £000
Cost					
At 1 September 2013	577	3,875	4,252	1,263	9,967
Additions	-	775	361	48	1,184
Disposals	-	(512)	(21)	-	(533)
At 31 August 2014	577	4,138	4,592	1,311	10,618
Accumulated depreciation					
At 1 September 2013	127	2,405	2,594	831	5,957
Charge for the year	18	722	458	167	1,365
Disposals	-	(498)	(21)	-	(519)
At 31 August 2014	145	2,629	3,031	998	6,803
Net book value					
At 31 August 2014	**432**	**1,509**	**1,561**	**313**	**3,815**
At 31 August 2013	450	1,470	1,658	432	4,010

The net book value of fixed assets includes £2,171,391 (2013: £2,249,851) in respect of assets held under finance leases and hire purchase contracts, the depreciation of which is shown in note 2.

Freehold land and buildings includes land at a historical cost of £122,000 (2013: £122,000) which is not depreciated.

The company has provided a first and only bond, floating charge and first and only standard security of the property in respect of the term loan held by Gardrum Investments Limited, the ultimate parent company.

8 Stocks

	2014 £000	2013 £000
Raw materials, consumables and spares	**230**	30

9 Debtors

	2014 £000	2013 £000
Amounts falling due within one year:		
Trade debtors	**7,261**	4,950
Amounts owed by fellow group undertakings	**4,381**	4,237
Amounts recoverable on contracts	**3,078**	2,137
Amounts due from related parties (note 18)	**1,385**	800
Other debtors	**251**	126
Prepayments and accrued income	**28**	28
Deferred tax asset (note 12)	**106**	91
	16,490	12,369
Amounts falling due after more than one year:		
Loan to BDMR Property (note 18)	**230**	230
Total debtors	**16,720**	12,599

Amounts owed by fellow group undertakings are repayable on demand and do not accrue any interest.

Notes *(continued)*

10 Creditors: amounts falling due within one year

	2014	2013
	£000	£000
Trade creditors	**5,968**	4,782
Bank overdraft	**1,669**	165
Bank revolving credit facility	**550**	-
Amounts owed to group undertakings	**165**	165
Corporation taxation	**47**	120
Other taxes and social security	**1,414**	1,706
Payments received on account	**1,428**	1,752
Accruals and deferred income	**712**	597
Obligations under finance leases and hire purchase contracts (note 11)	**704**	826
	12,657	10,113

The company's bankers hold performance bonds of £nil (*2013: £483,110*) in favour of certain third parties, in the normal course of business. Amounts owed to fellow group undertakings are repayable on demand and do not accrue any interest.

11 Creditors: amounts falling due after more than one year

	2014	2013
	£000	£000
Obligations under finance leases and hire purchase contracts	485	425

Total obligations under finance leases and hire purchase contracts are repayable over varying periods by monthly instalments as follows:

	2014	2013
	£000	£000
On demand or within one year (note 10)	704	826
Between one and five years	485	425
	1,189	1,251

Amounts payable under finance leases and hire purchase agreements are secured by the related assets and are fully repayable within five years.

12 Deferred taxation

The asset is based on a corporation taxation rate of 20% (*2013: 20%*)

	2014	**2013**
	£000	**£000**
Deferred taxation asset at beginning of the year	91	74
Credit to the profit and loss account (note 6)	15	17
Deferred taxation asset at end of the year	106	91

	2014	**2013**
	£000	**£000**
Corporation tax deferred by:		
Capital allowances in excess of depreciation	95	84
Other short term differences	11	7
	106	91

Notes *(continued)*

13 Called up share capital

	2014 £000	2013 £000
Allotted, called up and fully paid		
5,220 (*2013: 5,220*) ordinary shares of £1 each	5	5

14 Other reserves

	2014 £000	2013 £000
Capital redemption reserve	5	5

15 Profit and loss account

	£000
At 1 September 2013	7,546
Profit for the financial year	67
At 31 August 2014	7,613

16 Reconciliation of movement in shareholder's funds

	2014 £000	2013 £000
Profit for the financial year and net addition to shareholder's finds	67	887
Opening shareholder's funds	7,556	6,669
Closing shareholder's funds	7,623	7,556

17 Pension costs

The company operates a defined contribution retirement benefit scheme on behalf of its employees for which the pension cost charge for the year amounted to £169,000 (*2013: £172,000*). The assets of the scheme are held separately from those of the company in funds under the control of the trustees.

As at 31 August 2014 £40,838 of contributions (*2013: £nil*) were due in respect of the current year had not been paid over to the scheme.

18 Related party transactions

The company has taken advantage of the exemptions conferred by the Financial Reporting Standard No 8, 'Related Party Disclosures', in relation to intra-group transactions and balances.

During the year, the company granted loans of £nil (*2013: £20,000*) to BDMR Property, which is an entity under common control. As at the year end the total loan outstanding was £230,000 (*2013: £230,000*). Interest is due on the loans at 2.5% per annum and the loans are repayable within 10 years of the granting of the loans by the company. Interest of £nil (*2013: £nil*) was received during the year on these loans.

During the year, the company granted loans of £585,000 (*2013: £800,000*) to Green Engineering (Scotland) Limited, which is a 50% joint venture by the parent company of the group. As at the year end the total loan outstanding was £1,385,000 (*2013: £800,000*). No interest is charged on the loan.

During the year the company traded with First Milk Energy Limited, a 50% owned joint venture of Green Engineering (Scotland) Limited. Revenues of £616,635 (*2013:£1,479,445*) and costs of £561,175 (*2013:£1,479,445*) were recognised in the year from this related party. No balances were outstanding at the year end.

During the year, the company paid a management fee of £600,000 (*2013: £780,000*) to Gardrum Investments Limited, the ultimate parent undertaking.

Notes *(continued)*

19 Ultimate parent undertaking

At 31 August 2014, the company's immediate and ultimate parent company was Gardrum Investments Limited, a company registered in Scotland. The largest and smallest group in which the results of Land Engineering (Scotland) Limited are consolidated is that headed by Gardrum Investments Limited. Copies of the consolidated financial statements are available from the company's registered office at Gardrum House, Fenwick, KA3 6AS.