scion estates limited

# Scion Estates Limited

Financial statements

For the year ended 31 December 2013



Company No. 03720903

# Company information

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|---|---|
| **Company registration number** | 03720903 |
| **Registered office** | 1390 Montpellier Court<br>Gloucester Business Park<br>Brockworth<br>Gloucester<br>GL3 4AH |
| **Directors** | J E Lipscombe<br>A C M Smith<br>B R Westran |
| **Secretary** | B R Westran |
| **Bankers** | Barclays Bank PLC<br>Corporate Banking<br>4th Floor Bridgewater House<br>Counterslip<br>Finzels Reach<br>Bristol<br>BS1 6BX |
| **Solicitors** | BPE<br>St James' House<br>St James' Square<br>Cheltenham<br>Gloucestershire<br>GL50 3PR |
| **Auditor** | Grant Thornton UK LLP<br>Chartered Accountants<br>Registered Auditors<br>Hartwell House<br>55 - 61 Victoria Street<br>Bristol<br>BS1 6FT |

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# Report of the Directors

The Directors present their report and the financial statements of the Company for the year ended 31 December 2013.

**Principal activities and business review**

The principal activity of the Company continued to be that of grounds maintenance and estates management.

**Results and dividends**

The loss for the year amounted to £533,200 (2012: £234,970 loss). The Directors have not recommended a dividend for 2013 or 2012.

**Directors**

The Directors who served the Company during the year were as follows:

J E Lipscombe
A C M Smith
B R Westran

**Directors' responsibilities**

The Directors are responsible for preparing 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 laws). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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.

In so far as each of the Directors is aware:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# Report of the Directors - continued

### Going concern consideration

Mears Group PLC, the parent company, has a centralised treasury arrangement and so shares banking arrangements with its subsidiaries.

After making enquiries, the Directors believe that the Group and Company have adequate resources to continue in operational existence for the foreseeable future, and they have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the group to continue as a going concern or its ability to continue with the current banking arrangements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

### Small company provisions

The Report of the Directors has been prepared in accordance with the special provisions for small companies under Section 415A of the Companies Act 2006.

### Auditor

A resolution to re-appoint Grant Thornton UK LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with s489 of the Companies Act 2006.

This report was approved by the Board on 18 July 2014 and signed on its behalf.

B R Westran
Director

# Report of the independent auditor to the member of Scion Estates Limited

We have audited the financial statements of Scion Estates Limited for the year ended 31 December 2013 which comprise the principal accounting policies, the profit and loss account, the balance sheet, the note of historical cost profits and losses 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).

This report is made solely to the Company's member, as a body, in accordance with Chapter 3 Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to it 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 member as a body, for our audit work, for this report or for the opinions we have formed.

**Respective responsibilities of Directors and auditors**

As explained more fully in the Directors' Responsibilities Statement on page 3 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 (APB'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 APB's website at www.frc.org.uk/apb/scope/private.cfm.

**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 December 2013 and of its loss 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 matters prescribed by the Companies Act 2006**

In our opinion the information given in the Report of the Directors 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.

Grant Thornton UK LLP

**Mark Bishop**

Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Bristol

21 July 2014

# Principal accounting policies

### Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable United Kingdom accounting standards. The accounting policies have remained unchanged from the previous year.

### Cash flow statement

The Directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that 100% of the voting rights of the Company are controlled by its ultimate parent company, which publishes a consolidated cash flow statement.

### Turnover

The turnover shown in the profit and loss account represents the value of work done during the period, net of VAT and trade discounts.

### Fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

| | | |
|---|---|---|
| Plant and machinery | - | 15% reducing balance |
| Fixtures and fittings | - | 15% reducing balance |
| Motor vehicles | - | 25% reducing balance |

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

### Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost includes materials and direct labour. Provision is made for any foreseeable losses when appropriate.

### Long-term contracts

The attributable profit on long-term contracts is recognised once their outcome can be assessed with reasonable certainty. The profit recognised reflects the proportion of work completed to date on the project.

Costs associated with long-term contracts are included within stock to the extent that they cannot be matched with contract work accounted for as turnover.

Full provision is made for losses on any contracts in the period that a loss is first foreseen.

### Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

### Pension costs

The Company participates in a defined contribution pension scheme for employees. The annual contributions payable are charged to the profit and loss account. The assets of the scheme are held separately from those of the Company.

# Principal accounting policies - continued

### Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

Deferred tax assets are recognised only where it is considered more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

### Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

# Profit and loss account

| | Note | 2013 £ | 2012 £ |
|---|---|---|---|
| Turnover | 1 | **3,495,925** | 3,687,382 |
| Cost of sales | | **(2,657,159)** | (2,538,234) |
| Gross profit | | **838,766** | 1,149,148 |
| Other operating charges | 2 | **(1,371,920)** | (1,384,071) |
| **Operating loss** | 3 | **(533,154)** | (234,923) |
| Net interest payable | 6 | **(46)** | (47) |
| **Loss on ordinary activities before taxation** | | **(533,200)** | (234,970) |
| Tax on loss on ordinary activities | 7 | **–** | – |
| **Loss for the financial year** | 18 | **(533,200)** | (234,970) |

All of the activities of the Company are classed as continuing.

The Company has no recognised gains or losses other than the results for the year as set out above.

# Balance sheet

| | Note | 2013 £ | 2013 £ | 2012 £ | 2012 £ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Tangible assets | 8 | | **402,242** | | 486,944 |
| **Current assets** | | | | | |
| Stocks | 9 | **69,037** | | 191,125 | |
| Debtors | 10 | **678,643** | | 1,048,430 | |
| Cash at bank | | **720,056** | | 149,514 | |
| | | **1,467,736** | | 1,389,069 | |
| **Creditors: amounts falling due within one year** | 11 | **(416,926)** | | (492,651) | |
| **Net current assets** | | | **1,050,810** | | 896,418 |
| **Total assets less current liabilities** | | | **1,453,052** | | 1,383,362 |
| **Creditors due more than one year** | 12 | | **(1,757,868)** | | (1,154,978) |
| | | | **(304,816)** | | 228,384 |
| **Capital and reserves** | | | | | |
| Called-up equity share capital | 17 | | **1,215,247** | | 1,215,247 |
| Revaluation reserve | 18 | | **357** | | 18,028 |
| Profit and loss account | 18 | | **(1,520,420)** | | (1,004,891) |
| **Shareholder's funds** | 18 | | **(304,816)** | | 228,384 |

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved and authorised for issue by the Directors and are signed on their behalf on 18 July 2014.

A C M Smith
Director

# Other primary statements

**Note of historical cost profits and losses**

| | 2013 £ | 2012 £ |
|---|---|---|
| **Loss on ordinary activities before taxation** | **(533,200)** | (234,970) |
| Difference between a historical cost depreciation charge and the actual charge calculated on the revalued amount | **17,671** | 17,671 |
| Historical cost loss on ordinary activities before taxation | **(515,529)** | (217,299) |
| Historical cost loss for the year after taxation | **(515,529)** | (217,299) |

The accompanying accounting policies and notes form part of these financial statements.

# Notes to the financial statements

## 1 Turnover

The turnover and loss before tax are attributable to the one principal activity of the Company. The turnover of the Company is wholly derived from within the United Kingdom.

## 2 Other operating charges

| | 2013 £ | 2012 £ |
|---|---|---|
| Administrative expenses | **1,371,920** | 1,384,071 |

## 3 Operating loss

Operating loss is stated after charging:

| | 2013 £ | 2012 £ |
|---|---|---|
| Depreciation of tangible fixed assets owned by the Company | **99,211** | 100,878 |
| Hire of plant and equipment | **19,307** | 10,924 |
| Operating lease costs: | | |
| - land and buildings | **87,847** | 86,181 |
| - motor vehicles | **360,203** | 325,272 |

## 4 Auditor's remuneration

Fees payable to the auditors for the period:

| | 2013 £ | 2012 £ |
|---|---|---|
| For the audit of the Company's financial statements | **8,000** | 8,000 |
| For taxation compliance fees | **3,000** | 3,000 |

## 5 Directors and employees

The average number of staff employed by the Company during the financial year amounted to:

| | 2013 No | 2012 No |
|---|---|---|
| Number of administrative staff | **10** | 12 |
| Direct labour | **51** | 57 |
| | **61** | 69 |

The aggregate payroll costs of the above were:

| | 2013 £ | 2012 £ |
|---|---|---|
| Wages and salaries | **1,511,823** | 1,601,082 |
| Social security costs | **141,745** | 154,804 |
| Other pension costs | **33,408** | 47,711 |
| | **1,686,976** | 1,803,597 |

# Notes to the financial statements - continued

## 5 Directors and employees - continued

Remuneration in respect of Directors was as follows:

| | 2013 | 2012 |
|---|---|---|
| | £ | £ |
| Emoluments receivable | **83,213** | 83,118 |
| Value of company pension contributions to defined benefit schemes | **18,375** | 18,375 |
| | **101,588** | 101,493 |

Retirement benefits under company defined benefit pension schemes were accruing to 1 Director (2012: 1 Director).

One Director exercised share options in 2012 (2012: one).

## 6 Net Interest

| | 2013 | 2012 |
|---|---|---|
| | £ | £ |
| Other interest paid | **46** | 47 |

## 7 Taxation on ordinary activities

| | 2013 | 2012 |
|---|---|---|
| | £ | £ |
| **Analysis of charge in the year** | | |
| **Current tax:** | | |
| UK Corporation tax based on the results for the year | - | - |

**Factors affecting current tax charge**

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK. During the period the average corporation tax rate was 23.25% (2012: 24.5%).

| | 2013 | 2012 |
|---|---|---|
| | £ | £ |
| Loss on ordinary activities before taxation | **(533,200)** | (234,970) |
| Loss on ordinary activities multiplied by standard rate of tax | **(123,969)** | (57,568) |
| **Effects of:** | | |
| Share option exercises | **(982)** | (95) |
| Depreciation for period in excess of capital allowances | **10,021** | 7,777 |
| Group relief (not paid) | **114,232** | 48,415 |
| Expenses not deductible for tax purposes | **698** | 1,471 |
| Total current tax charge | - | - |

# Notes to the financial statements - continued

## 8 Tangible fixed assets

| | Plant and machinery £ | Fixtures and fittings £ | Motor vehicles £ | Total £ |
|---|---|---|---|---|
| **Cost or valuation** | | | | |
| At 1 January 2013 | 1,777,280 | 39,715 | 48,593 | 1,865,588 |
| Additions | 14,509 | – | – | 14,509 |
| At 31 December 2013 | 1,791,789 | 39,715 | 48,593 | 1,880,097 |
| **Depreciation** | | | | |
| At 1 January 2012 | 1,315,622 | 18,007 | 45,015 | 1,378,644 |
| Charge for the year | 94,722 | 3,497 | 992 | 99,211 |
| At 31 December 2013 | 1,410,344 | 21,504 | 46,007 | 1,477,855 |
| **Net book value** | | | | |
| At 31 December 2013 | **381,445** | **18,211** | **2,586** | **402,242** |
| At 31 December 2012 | 461,658 | 21,708 | 3,578 | 486,944 |

Plant and machinery were revalued to £612,000 on 26 April 2000 by Edward Symmons and Partners, external valuers. The basis used was existing value to the business and estimated realisation price upon sale. This valuation was incorporated into the financial statements for the year ended 31 March 2000. The Directors are not aware of any material change in value and therefore the valuations have not been updated.

## 9 Stocks

| | **2013 £** | 2012 £ |
|---|---|---|
| Raw materials | **38,500** | 63,348 |
| Work in progress | **30,537** | 127,777 |
| | **69,037** | 191,125 |

## 10 Debtors

| | **2013 £** | 2012 £ |
|---|---|---|
| Trade debtors | **495,307** | 809,676 |
| Amounts recoverable on contracts | **138,905** | 191,023 |
| Prepayments and accrued income | **44,431** | 47,731 |
| | **678,643** | 1,048,430 |

# Notes to the financial statements - continued

## 11 Creditors: amounts falling due within one year

| | 2013 | 2012 |
|---|---|---|
| | £ | £ |
| Payments received on account | **20,071** | 7,059 |
| Trade creditors | **262,782** | 298,405 |
| Other taxation and social security | **52,856** | 101,385 |
| Other creditors | **19,593** | 20,897 |
| Accruals and deferred income | **61,624** | 64,905 |
| | **416,926** | 492,651 |

## 12 Creditors due more than one year

| | 2013 | 2012 |
|---|---|---|
| | £ | £ |
| Amounts owed to group undertakings | **1,757,868** | 1,154,978 |

## 13 Financial instruments

The Company uses financial instruments, other than derivatives, comprising borrowings, cash and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to finance the Company's operations.

The main risks arising from the Company's financial instruments are liquidity risk and credit risk.

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Trade debtors are normally due within 30 to 60 days. All trade debtors are subject to credit risk exposure. However there is no specific concentration of credit risk as the amounts recognised represent a large number of receivables from various customers.

The Company has no interests in the trade of financial instruments, interest rate swaps or forward interest rate agreements.

## 14 Leasing commitments

At 31 December the Company had annual commitments under non-cancellable operating leases as set out below.

| | Land and buildings | | Other Items | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| | £ | £ | £ | £ |
| Operating leases which expire: | | | | |
| Within 1 year | **–** | – | **10,052** | 19,026 |
| Within 2 to 5 years | **15,600** | 15,600 | **66,990** | 87,172 |

## 15 Contingent liabilities

Scion Estates Limited and the other companies in the group headed by Mears Group PLC have entered into a Composite Accounting Agreement with the Bank, whereby the Bank is authorised to allow set-off for interest purposes and in certain circumstances to set-off debit and credit balances within the Composite Accounting System.

# Notes to the financial statements - continued

## 16 Related party transactions

As a wholly owned subsidiary of Scion Group Limited, which in turn is wholly owned by Mears Group PLC, the Company is exempt from the requirements of Financial Reporting Standard No.8: Related Party Disclosures to disclose transactions with other members of the group headed by Mears Group PLC on the grounds that group accounts are publicly available.

## 17 Share capital

Authorised, allotted, called-up and fully paid share capital:

| | 2013<br>£ | 2012<br>£ |
|---|---|---|
| 1,215,247 ordinary shares of £1 each | **1,215,247** | 1,215,247 |

## 18 Reconciliation of shareholder's funds and movement on reserves

| | Share capital<br>£ | Revaluation reserve<br>£ | Profit and loss account<br>£ | Shareholder's funds / (deficit)<br>£ |
|---|---|---|---|---|
| At 1 January 2012 | 1,215,247 | 35,699 | (787,592) | 463,354 |
| Loss for the year | – | – | (234,970) | (234,970) |
| Transfer from revaluation reserve | – | (17,671) | 17,671 | – |
| At 1 January 2013 | 1,215,247 | 18,028 | (1,004,891) | 228,384 |
| Loss for the year | – | – | (533,200) | (533,200) |
| Transfer from revaluation reserve | – | (17,671) | 17,671 | - |
| **At 31 December 2013** | **1,215,247** | **357** | **(1,520,420)** | **(304,816)** |

## 19 Ultimate parent company

The immediate parent company is Scion Group Limited, by virtue of its 100% ownership of this Company's issued share capital. The ultimate parent undertaking and controlling related party is Mears Group PLC by virtue of its 100% ownership of the issued share capital of Scion Group Limited.

The largest group and smallest group of undertakings for which group accounts have been drawn up is that headed by Mears Group PLC. The group accounts are available from The Company Secretary, Mears Group PLC, 1390 Montpellier Court, Gloucester Business Park, Brockworth, Gloucester GL3 4AH.