Company Registration No. SC341021 (Scotland)

A. J. B. SCHOLES LIMITED

SCHOLES CHARTERED ACCOUNTANTS

UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

PAGES FOR FILING WITH REGISTRAR

A. J. B. SCHOLES LIMITED
SCHOLES CHARTERED ACCOUNTANTS
COMPANY INFORMATION

Directors	R Allan	(Appointed 1 August 2021)
	I Houston	
	K Scholes	
Secretary	K Scholes	
Company number	SC341021	
Registered office	8 Albert Street Kirkwall Orkney KW15 1HP	

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A. J. B. SCHOLES LIMITED
SCHOLES CHARTERED ACCOUNTANTS
BALANCE SHEET

AS AT 31 JULY 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Intangible assets	**4**		442,658		506,521
Tangible assets	**5**		37,095		38,080
			479,753		544,601
Current assets					
Stocks		7,500		6,765	
Debtors	**6**	264,510		296,116	
Cash at bank and in hand		293,131		125,976	
		565,141		428,857	
Creditors: amounts falling due within one year	**7**	(328,725)		(444,026)	
Net current assets/(liabilities)			236,416		(15,169)
Total assets less current liabilities			716,169		529,432
Creditors: amounts falling due after more than one year	**8**		(224,063)		(104,875)
Provisions for liabilities	**9**		(7,704)		(5,986)
Net assets			484,402		418,571
Capital and reserves					
Called up share capital	**10**		5,000		5,000
Profit and loss reserves			479,402		413,571
Total equity			484,402		418,571

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

For the financial year ended 31 July 2021 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 14 January 2022 and are signed on its behalf by:

R Allan
Director

I Houston
Director

K Scholes
Director

Company Registration No. SC341021

1 Accounting policies

Company information
A. J. B. Scholes Limited is a private company limited by shares incorporated in Scotland. The registered office is 8 Albert Street, Kirkwall, Orkney, KW15 1HP.

1.1 Accounting convention
These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary a mounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Turnover
Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT.

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

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1.3 Intangible fixed assets - goodwill
Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which ranges from ten to twenty years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.4 Intangible fixed assets other than goodwill
Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

1 Accounting policies **(Continued)**

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	straight line over one to five years
Property leases	straight line over lease term

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Leasehold	straight line over lease term
Fixtures, fittings & equipment	20% reducing balance basis
Computer equipment	25% reducing balance basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Stocks

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

1 Accounting policies **(Continued)**

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Cash and cash equivalents

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

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

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 company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

1 Accounting policies **(Continued)**

Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax
Deferred tax liabilities are generally recognised for all timing differences and 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. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Employee benefits
The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits
Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1 Accounting policies **(Continued)**

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.15 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021 Number	2020 Number
Total	28	27

4 Intangible fixed assets

	Goodwill	Software	Property leases	Total
	£	£	£	£
Cost				
At 1 August 2020 and 31 July 2021	809,073	27,985	4,723	841,781
Amortisation and impairment				
At 1 August 2020	313,644	20,181	1,435	335,260
Amortisation charged for the year	60,319	1,421	2,123	63,863
At 31 July 2021	373,963	21,602	3,558	399,123
Carrying amount				
At 31 July 2021	435,110	6,383	1,165	442,658
At 31 July 2020	495,429	7,804	3,288	506,521

5 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost			
At 1 August 2020	15,740	97,509	113,249
Additions	-	7,131	7,131
At 31 July 2021	15,740	104,640	120,380
Depreciation and impairment			
At 1 August 2020	3,549	71,620	75,169
Depreciation charged in the year	1,004	7,112	8,116
At 31 July 2021	4,553	78,732	83,285
Carrying amount			
At 31 July 2021	11,187	25,908	37,095
At 31 July 2020	12,191	25,889	38,080

6 Debtors

Amounts falling due within one year:	2021 £	2020 £
Trade debtors	164,039	218,384
Other debtors	100,471	77,732
	264,510	296,116

6 Debtors **(Continued)**

7 Creditors: amounts falling due within one year

	2021	2020
	£	£
Bank loans	30,812	19,188
Trade creditors	21,957	21,099
Taxation and social security	206,522	230,349
Other creditors	69,434	173,390
	328,725	444,026

The company has granted to Bank of Scotland PLC a floating charge, as security for amounts due to the bank.

Creditors falling due within one year include loans from the directors of £40,000 (2020: £40,000) which are interest free and repayable on demand.

8 Creditors: amounts falling due after more than one year

	2021	2020
	£	£
Bank loans and overdrafts	224,063	104,875

The company has granted to Bank of Scotland PLC a floating charge, as security for amounts due to the bank.

Creditors which fall due after five years are as follows:	2021	2020
	£	£
Payable by instalments	30,000	-

9 Provisions for liabilities

	2021	2020
	£	£
Deferred tax liabilities	7,704	5,986

10 Called up share capital

	2021	2020	2021	2020
Ordinary share capital	**Number**	**Number**	**£**	**£**
Issued and fully paid				
Ordinary shares of £1 each	5,000	5,000	5,000	5,000

11 Operating lease commitments

Lessee
At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2021	2020
	£	£
	407,900	453,900

Lessor
At the reporting end date the company had contracted with tenants for the following minimum lease payments:

	2021	2020
	£	£
	26,400	91,000

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