

Report & Accounts 2014



Paton Plant Limited

Company Number SCO45554

Report and Accounts 2014 Contents

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PATON PLANT LIMITED

STRATEGIC REPORT

Principal activities

The company's principal activity is the marketing, distribution and servicing of Portakabin Limited products for sale and hire.

Business review and results

The overall business profit remains strong, with total turnover growing by 37% in the year. Whilst all types of activity showed growth, turnover was boosted significantly by the success of the new Portakabin sales product.

The growth in company profit has also been underpinned by the continued growth in the hire business, which has a record number of units on hire in Scotland.

Key performance indicators (KPI's)

The business monitors itself against a number of performance indicators. Some of the key indicators are turnover, operating profit and profit before tax as disclosed in the profit and loss account. Key non-financial indicators include fleet on hire and utilisation.

	2014	2013	Measure
<u>Financial</u>			
Turnover	20,940	15,321	37% increase
Operating Profit	3,038	1,871	62% increase
Profit before tax	3,064	1,892	62% increase
<u>Non – Financial</u>			
Fleet on hire	4,442	3,739	18% increase
Fleet utilisation	87%	92%	5% decrease

The general improvement in KPI's is a result of the growth across the company in both hire and sales activities.

Principal risks and uncertainties

The key challenge going forward will be to maintain and grow volumes in an uncertain economic environment.

To mitigate this risk, the company regularly reviews potential market sectors in which to generate growth and continues to focus on delivering excellent customer service through service and product enhancements.

Future developments

Encouragingly the business is entering into the new financial year with a strong order book and in a sound financial position.

Growth in the business will also be supported by the on-going capital investment in hire fleet, which has contributed to the growth seen in 2014.

Signed on behalf of the Board



P J Clarke

Secretary

10 September 2014

PATON PLANT LIMITED
REPORT OF THE DIRECTORS

The directors submit their report together with the accounts of the company for the year ended 30 June 2014.

Results

The results for the year are set out in the profit and loss account on page 5.

Final Dividend

The directors are not proposing payment a dividend in respect of the year (2013 - Nil).

Directors

The directors during the year were as follows:

Mr D P Carter	
Mr G Finlayson	
Mr C L Brown	
Mr J M Collins	(Appointed 01 October 2013)

Provision of Information to Auditors

The directors who held office at the date of approval of this director's report confirm that, so far as they are each aware, there is no relevant information of which the company's auditors are unaware; and each director has 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 auditors are aware of that information.

Auditors

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

By order of the Board



P J Clarke
Secretary
10 September 2014

Huntington House
Jockey Lane
Huntington House
York YO32 9XW

Registered Office
Whistleberry Road
Hamilton ML3 0EJ

Registered in Scotland under Number SC045554

PATON PLANT LIMITED

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 for 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PATON PLANT LIMITED

We have audited the financial statements of Paton Plant Limited for the year ended 30 June 2014 set out on pages 5 to 11. 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out 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 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 30 June 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.

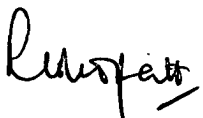
Opinion on other matter prescribed by the Companies Act 2006

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.



Iain Moffatt (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
1 The Embankment
Neville Street
Leeds, LS1 4DW

10 September 2014

PATON PLANT LIMITED
PROFIT AND LOSS ACCOUNT

for the year ended 30 June 2014

	Note	2014 £'000	2013 £'000
Turnover		20,940	15,321
Costs and overheads less other income	2	(17,902)	(13,450)
Operating Profit		3,038	1,871
Interest receivable		26	21
Profit on Ordinary Activities Before Taxation		3,064	1,892
Taxation	3	(631)	(431)
Profit for the Financial Year	15	2,433	1,461

The notes on pages 7 to 11 form part of these financial statements.

TOTAL RECOGNISED GAINS AND LOSSES

All recognised gains and losses are included in the profit and loss account for the year.

PATON PLANT LIMITED

BALANCE SHEET

as at 30 June 2014

	Note	2014	2013
		£'000	£'000
Fixed Assets			
Tangible Assets	6	11,641	9,253
Current Assets			
Stocks	7	725	891
Debtors	8	5,042	4,527
Cash at bank and in hand		3,534	3,261
		<u>9,301</u>	<u>8,679</u>
Creditors, due within one year	9	<u>(6,187)</u>	<u>(5,579)</u>
Net Current Assets		<u>3,114</u>	<u>3,100</u>
Total Assets less Current Liabilities		<u>14,755</u>	<u>12,353</u>
Provision for Liabilities			
Deferred Tax	10	(501)	(532)
Net Assets		<u>14,254</u>	<u>11,821</u>
Capital and Reserves			
Called up share capital	11	1,500	1,500
Profit and loss account	15	12,754	10,321
Shareholders' Funds		<u>14,254</u>	<u>11,821</u>

Signed on behalf of the Board

D P Carter



J M Collins



Directors

10 September 2014

Company Number SC045554

The notes on pages 7 to 11 form part of these financial statements.

PATON PLANT LIMITED
NOTES ON THE ACCOUNTS

for the year ended 30 June 2014

1. Statement of Accounting Policies

Basis of Preparation

The accounts have been prepared in accordance with applicable accounting standards and using the historical cost convention.

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that its ultimate parent company (Shepherd Building Group Ltd) includes the Company in its own published consolidated financial accounts.

The immediate parent company and smallest group for which consolidated accounts are drawn up is Portakabin Ltd which is incorporated in the United Kingdom.

Group accounts are also prepared by the ultimate parent company, Shepherd Building Group Ltd, a company incorporated in the United Kingdom. A copy of those consolidated accounts can be obtained from Companies House.

As permitted by paragraph 3 of FRS 8 (Related Party Transactions), transactions with related group entities are not disclosed.

Turnover

Turnover is recognised (excluding Value Added Tax) as follows;

- Sales contracts (other than long term sales contracts): the sales value of products delivered is recognised on practical completion
- Long term sales contracts: turnover is recognised on cost appropriate to the stage of completion of the contract, plus attributable profit less amounts recognised in previous years.
- Rental income: recognised in the period the rental relates to.

Depreciation of Fixed Assets

Depreciation is provided against the original cost of all fixed assets except freehold land. Provision is made by way of equal annual instalments over the estimated useful lives of the assets, which are mainly as follows:

Buildings	9 to 50 years
Hire fleet plant and equipment	3 to 9 years
Other plant and equipment	3 to 10 years

Revenue Fittings

Where client specified items are incorporated into hire fleet units, the cost of those items are charged to the profit and loss account on a straight line basis over the period of the initial hire contract. Any such costs which have not yet been charged to the profit and loss account at the balance sheet date are included in other debtors.

Stocks and work-in-progress

Stocks are valued at the lower of cost and net realisable value. Work-in-progress is also valued at the lower of cost and net realisable value. The value of work-in-progress and finished goods includes production costs and other appropriate overheads which are attributable to the stage of manufacture which has been reached.

Tax Policy

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all timing differences which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19. Where appropriate the liability has been discounted to reflect the time value of money.

NOTES ON THE ACCOUNTS

1. Statement of Accounting Policies (continued)

The Company participates in a Group Pension Scheme providing benefits on both a final salary and defined contribution basis. The defined benefit sections of the scheme were closed to future accrual on 30 June 2011. The Company is unable to reliably identify its share of the assets and liabilities of the scheme and therefore, as permitted by FRS17 (Retirement benefits), accounts for the scheme as if it were a defined contribution scheme. In addition the Company makes contributions on behalf of eligible employees to external defined contribution schemes. In respect of all of these pension arrangements the amount charged to the profit and loss account represents the contributions payable to the schemes in respect of the relevant period.

Costs and Overheads less Other Income	2014	2013
	£'000	£'000
Purchases and direct costs	4,083	2,464
Profit on sale of fixed assets	(23)	(83)
Employment costs		
Salaries	3,308	2,927
Social security costs	335	326
Other pension costs (see note 12)	249	231
Depreciation	1,512	1,277
Auditors' remuneration	8	6
Operating lease costs - Plant and machinery	111	111
- Other	159	169
Other external and operating charges	8,160	6,022
	17,902	13,450

Taxation	2014	2013
	£'000	£'000
Corporation tax at 22.5% (2013 23.75%)	672	473
Adjustments relating to previous years	(10)	(1)
	662	473
Deferred Tax (see note 10)	(31)	(42)
	631	431

Profit on ordinary activities before tax	3,064	1,892
UK Corporation Tax thereon at 22.5% (2013 23.75%)	689	449
Adjustments relating to previous years	(10)	(1)
Effects of :		
Expenses not deductible for tax purposes	6	5
Profit on sale of fixed assets	(5)	(20)
Capital allowances (higher) / lower than depreciation	(18)	40
Current tax charge for the year	662	473

PATON PLANT LIMITED

NOTES ON THE ACCOUNTS

for the year ended 30 June 2014

4. Dividends	2014 £'000	2013 £'000
Dividends paid	<u>-</u>	<u>2,000</u>

The directors do not recommend a final dividend for 2014 (2013 - Nil).

5. Directors and Employees

No director received any remuneration from the company during the year. The directors of the company are employees of the ultimate parent company and receive their emoluments in that capacity.

The average number of employees engaged in the company's activities during the year was 115 (2013 - 110).

6. Tangible Assets

	Freehold land and buildings £'000	Plant and equipment £'000	Hire fleet £'000	2014 Total £'000	2013 Total £'000
COST					
1 July 2013	2,421	1,024	16,515	19,960	17,291
Additions	-	41	3,876	3,917	2,795
Disposals and transfers	-	-	(31)	(31)	(126)
At 30 June 2014	<u>2,421</u>	<u>1,065</u>	<u>20,360</u>	<u>23,846</u>	<u>19,960</u>
ACCUMULATED DEPRECIATION					
1 July 2013	1,006	839	8,862	10,707	9,473
Charge for the year	26	45	1,441	1,512	1,277
Disposals and transfers	-	-	(14)	(14)	(43)
At 30 June 2014	<u>1,032</u>	<u>884</u>	<u>10,289</u>	<u>12,205</u>	<u>10,707</u>
NET BOOK VALUE at 30 June 2014	<u>1,389</u>	<u>181</u>	<u>10,071</u>	<u>11,641</u>	<u>9,253</u>
NET BOOK VALUE at 30 June 2013	<u>1,415</u>	<u>185</u>	<u>7,653</u>	<u>9,253</u>	

Capital expenditure contracted for but not provided at 30 June 2014 amounted to nil (2013 - nil).

7. Stocks	2014 £'000	2013 £'000
Raw materials and consumables	161	178
Finished goods and goods for resale	<u>564</u>	<u>713</u>
	<u>725</u>	<u>891</u>

8. Debtors	2014 £'000	2013 £'000
Trade debtors	2,250	2,286
Amounts owed by group companies	35	29
Other debtors and prepayments	<u>2,757</u>	<u>2,212</u>
	<u>5,042</u>	<u>4,527</u>

PATON PLANT LIMITED
NOTES ON THE ACCOUNTS

for the year ended 30 June 2014

9. Creditors, due within one year	2014	2013
	£'000	£'000
Trade creditors	2,420	2,910
Amounts owed to group companies	1,458	938
Corporation tax	403	237
Other taxes and social security	715	732
Accruals and deferred income	1,191	762
	<u>6,187</u>	<u>5,579</u>
10. Deferred tax	2014	2013
	£'000	£'000
Taxation deferred by accelerated capital allowances		
Undiscounted provision for deferred tax	600	600
Discount	(99)	(68)
Discounted provision for deferred tax	<u>501</u>	<u>532</u>
Provision at 30 June 2013	532	574
Deferred tax credit in profit and loss account for the year (note 3)	(31)	(42)
Provision at 30 June 2014	<u>501</u>	<u>532</u>

11. Called Up Share Capital

The authorised share capital of the company is £1,500,000 divided into ordinary shares of £1 each, all of which are allotted and fully paid.

12. Pensions

During the year, the Company's employees (where eligible) were members of a Group Pension Scheme providing benefits based on a defined contribution basis. In previous years some employees also accrued benefits on a defined benefit basis. The defined benefit sections of the scheme are now closed to future accrual. The funds of the scheme are independent of the Group's finances and are administered by a Trustee.

The Company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, and therefore as permitted by FRS 17 'Retirement benefits', the scheme has been accounted for as if it were entirely a defined contribution scheme.

The latest full actuarial valuation was carried out at 31 December 2012 which indicated a deficit of £46.4m, measured at Shepherd Group level. A recovery plan including monthly payment of deficit contributions has been agreed with the Trustee and has been filed with The Pensions Regulator.

In addition to employer contributions to members' defined contribution accounts and the agreed Group deficit contributions, the Company will be making a further contribution to the fund of 2% of pensionable pay for all members of the Group scheme to cover administration costs and life assurance in 2014/15.

The Company also makes payments on behalf of eligible employees to third party schemes, all of which provide benefits on a defined contribution basis.

The pension charge for the period represents contributions of £249k (2013: £231k) payable to defined contribution arrangements. There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

Additionally, as required by FRS17, a separate valuation as at 30 June 2014 has been undertaken by an independent qualified actuary. The valuation on the FRS17 basis showed a deficit in the scheme. Full details of the FRS 17 valuation are disclosed within the financial statements of Shepherd Building Group.

The pension charge for the period can be analysed as follows:

	Defined Contribution Arrangements	
	2014	2013
	£'000	£'000
Standard Employer contributions	200	188
Salary Sacrifice contributions	49	43
Total	<u>249</u>	<u>231</u>

PATON PLANT LIMITED
NOTES ON THE ACCOUNTS

for the year ended 30 June 2014

13. Operating Lease Commitments

At 30th June 2014 the company was committed to making the following payments during the next year:

	2014		2013	
	Property £'000	Other £'000	Property £'000	Other £'000
Operating leases expiring:				
Within 1 year	1	22	1	20
In two to five years	9	137	-	149
In more than five years	101	-	110	-
	<u>111</u>	<u>159</u>	<u>111</u>	<u>169</u>

14. Contingent Liability

The company has entered into joint guarantees to secure bank borrowings by other group companies. No liability is expected to arise under these guarantees.

15. Reconciliation of Movements in Shareholders' Funds

	Profit and Loss Account £'000	Called up Share Capital £'000	Total 2014 £'000	Total 2013 £'000
At 1 July 2013	10,321	1,500	11,821	12,360
Movements in year:				
- Profit for the financial year	2,433	-	2,433	1,461
- Ordinary dividend	-	-	-	(2,000)
At 30 June 2014	<u>12,754</u>	<u>1,500</u>	<u>14,254</u>	<u>11,821</u>