

Report & Accounts 2016



Portakabin (Scotland) Limited

Company number SCO45554

Report and Accounts 2016 Contents

Strategic Report	1
Report of the Directors	2
Statement of Directors' Responsibilities	3
Independent Auditor's Report to the members of Portakabin (Scotland) Limited	4
Profit and Loss Account	5
Balance Sheet	6
Statement of Changes in Equity	7
Notes on the Accounts	8
Corporate Information	21

PORTAKABIN (SCOTLAND) LIMITED

Strategic Report

for the year ended 31 December 2016

Principal Activities

The group's principal activity is the hire and sale of modular and portable buildings.

Business Review and Results

The results for the year are set out in the Profit and Loss Account on page 5.

Key Performance Indicators

The business monitors itself against a number of performance indicators. The key indicators are as follows:

	Year ended 31 December 2016	18 month period ended 31 December 2015	Annualised Measure
<u>Financial Measures</u>			
Turnover	£22,716k	£35,368k	4% reduction
Operating Profit	£3,663k	£5,891k	7% reduction
Profit Before Tax	£3,774k	£5,928k	5% reduction
<u>Non-Financial Measures</u>			
Change in Fleet On Hire	-	-	No movement
Fleet utilisation	82%	83%	1% reduction

Principal Risks and Uncertainties

The key challenge going forward will be to maintain and grow volumes in a challenging commercial and 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 outcomes through service and product enhancements.

Future Developments

Commercial focus will be on maintaining the positive levels and values of hire and sales orders in 2017.

By order of the Board



M I Goforth
Secretary
28 March 2017

PORTAKABIN (SCOTLAND) LIMITED

Report of the Directors

for the year ended 31 December 2016

The directors submit their report together with the accounts for the year ended 31 December 2016 and the balance sheet as at that date.

In accordance with section 414C(11) of the Companies Act 2006, information required in the Directors' Report has been set out in the company's Strategic Report in respect of the company's principal activities, business review and results, key performance indicators, principal risks and uncertainties and future developments.

The comparative period represents the 18 months from 1 July 2014 to 31 December 2015.

Dividend

A final dividend of £7,000,000 (18 month period ended 31 December 2015: £nil) has been paid in accordance with the wishes of the shareholders.

Directors

The directors who served during the year were as follows:

Mr D P Carter	
Mr J M Collins	
Mr P Duncan	
Mr G Finlayson	(resigned on 31/03/16)
Mr C L Brown	(resigned on 03/11/16)

Provision 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 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.

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



M I Goforth
Secretary
28 March 2017

Yorkon House
New Lane
Huntington
York YO32 9PT

Registered Office
Whistleberry Road
Hamilton ML3 0EJ

Registered in Scotland under Number SC045554

PORTAKABIN (SCOTLAND) LIMITED

Statement of Directors' Responsibilities in Respect of the Strategic Report, Report of the Directors' 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 period. 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and 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.

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



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PORTAKABIN (SCOTLAND) LIMITED

We have audited the financial statements of Portakabin (Scotland) Limited for the year ended 31 December 2016 set out on pages 5 to 20. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities 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 31 December 2016 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 matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Chris Herald (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square, Sovereign Street, Leeds, LS1 4DA

28 March 2017

PORTAKABIN (SCOTLAND) LIMITED

Profit and Loss Account

for the year ended 31 December 2016

		Year ended 31 December 2016 £'000	18 month period ended 31 December 2015 £'000
	Note		
Turnover	4	22,716	35,368
Costs and overheads less other income	5	(19,053)	(29,477)
Operating Profit		3,663	5,891
Interest receivable	6	119	64
Interest payable	6	(8)	(27)
Profit on Ordinary Activities Before Taxation		3,774	5,928
Tax on profit on ordinary activities	8	(749)	(1,131)
Profit for the Financial Year / Period		3,025	4,797

The company has no recognised gains or losses other than those disclosed in the profit and loss account and therefore no separate statement of comprehensive income has been prepared.

The notes on pages 8 to 20 form part of the financial statements.

PORTAKABIN (SCOTLAND) LIMITED

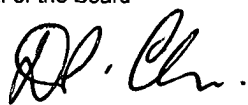
Balance Sheet

as at 31 December 2016

	Note	31 December 2016 £'000	31 December 2015 £'000
Fixed Assets			
Tangible assets	9	10,909	11,397
Total Fixed Assets		10,909	11,397
Current Assets			
Stocks	10	309	748
Debtors	11	6,514	5,342
Cash at bank and short term deposits		2,656	8,229
Total Current Assets		9,479	14,319
Creditors due within one year	12	(5,354)	(6,609)
Net Current Assets		4,125	7,710
Total Assets less Current Liabilities		15,034	19,107
Provision for Liabilities			
Deferred taxation	13	(57)	(155)
NET ASSETS		14,977	18,952
Capital and Reserves			
Called up share capital	16	1,500	1,500
Profit and loss account	17	13,477	17,452
SHAREHOLDERS' FUNDS		14,977	18,952

Signed on behalf of the Board

D P Carter



Directors

J M Collins



28 March 2017

Company number SCO45554

The notes on pages 8 to 20 form part of the financial statements.

PORTAKABIN (SCOTLAND) LIMITED

Statement of Changes in Equity

for the year ended 31 December 2016

	Called-up share capital	Profit and loss account	Total
	£'000	£'000	£'000
At 1 July 2014	1,500	12,655	14,155
Profit for the financial period	-	4,797	4,797
At 31 December 2015 and 1 January 2016	<u>1,500</u>	<u>17,452</u>	<u>18,952</u>
Profit for the financial year	-	3,025	3,025
Dividends paid during the year	-	(7,000)	(7,000)
At 31 December 2016	<u><u>1,500</u></u>	<u><u>13,477</u></u>	<u><u>14,977</u></u>

PORTAKABIN (SCOTLAND) LIMITED

Notes on the Accounts

for the year ended 31 December 2016

1 COMPANY INFORMATION

Portakabin (Scotland) Limited is a company limited by shares, incorporated in Scotland. Its registered office and principal place of business is Whistleberry Road, Hamilton, ML3 0EJ.

2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

In the transition to FRS 102, the Company has made measurement and recognition adjustments. An explanation of how the transition to FRS 102 has affected the financial position and financial performance of the Company is provided in note 21.

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

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

The Company's parent undertaking, Portakabin Limited, includes the Company in its consolidated financial statements prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). The consolidated financial statements of Portakabin Limited are available to the public and may be obtained from Companies House. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Portakabin Limited include the disclosures equivalent to those required by FRS 102, the Company has also taken the exemptions available in respect of the following disclosures:

- Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

As related party transactions are only between other members of the group these transactions are not required to be disclosed. Sales and purchases between related parties are made at the arm's length basis. Outstanding balances at the year end are disclosed in the notes 10 to 11. There were no related party transactions outside the group.

The comparative financial information covers the 18 month period from 1 July 2014 to 31 December 2015. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

PORTAKABIN (SCOTLAND) LIMITED

Notes on the Accounts

for the year ended 31 December 2016

3 ACCOUNTING POLICIES

Turnover

Turnover from rental income is recognised in the period to which the rental relates, on a straight line basis over the hire contract period.

Turnover on long-term contracts is recognised according to the stage of completion of the contract.

Turnover from sales activities reflects the sales value of the products delivered, recognised at practical completion.

Other turnover includes installation, dismantling and transport relating to hire contracts.

Operating Lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method and unwinding of the discount on provisions.

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

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

PORTAKABIN (SCOTLAND) LIMITED

Notes on the Accounts

for the year ended 31 December 2016

3 ACCOUNTING POLICIES (continued)

Impairment of assets

At each reporting date assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is any indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, then the carrying amount is reduced to its estimated recoverable amount and an impairment loss is recognised immediately in the Profit and Loss Account.

If an impairment loss subsequently reverses, the carrying amount of the affected asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined for the asset had not impairment loss been recognised in previous years. A reversal of impairment loss is recognised immediately in the Profit and Loss Account.

Stock and work-in-progress

Stock and work-in-progress are 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.

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 debtors.

Amounts recoverable on long term contracts

Amounts recoverable under long term contracts are included in debtors at cost incurred plus attributable profit, less foreseeable losses and after deducting cash received on account.

Where cash received on individual contracts exceeds the value attributed to that contract, the difference is included in creditors.

Taxation

The charge for taxation is based on the profit for the period 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 section 29 of FRS 102.

Pensions

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's employees are members of a group wide defined contribution pension plan. There is a stated policy that Portakabin Limited, the Company's immediate parent, is responsible for the scheme. The net defined contribution cost of the pension plan and the net defined contribution liability is recognised fully by Portakabin Limited. The Company then recognises a cost equal to its contribution payable for the period.

PORTAKABIN (SCOTLAND) LIMITED

Notes on the Accounts

for the year ended 31 December 2016

3 ACCOUNTING POLICIES (continued)

Classification of financial instruments issued by the group

In accordance with FRS 102.22, financial instruments issued by the group are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the group; and

(b) where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

PORTAKABIN (SCOTLAND) LIMITED

Notes on the Accounts

for the year ended 31 December 2016

4 ANALYSIS OF TURNOVER

	Year ended 31 December 2016 £'000	18 month period ended 31 December 2015 £'000
All revenue is earned in the United Kingdom.		
<i>By activity</i>		
Hire income	10,656	15,611
Sales income	7,127	11,945
Other	4,933	7,812
	<u>22,716</u>	<u>35,368</u>

5 COSTS AND OVERHEADS LESS OTHER INCOME

	Year ended 31 December 2016 £'000	18 month period ended 31 December 2015 £'000
Change in stocks of finished goods and W.I.P.	(489)	3
Other operating income	(54)	(293)
Raw materials and consumables	5,438	6,591
Employment costs (see note 7)	4,808	6,540
Depreciation (see note 9)	1,531	2,433
Operating lease costs	193	103
- Plant and machinery		
- Other	447	656
Auditor's fees for audit of these financial statements	28	12
Other external and operating charges	7,151	13,432
	<u>19,053</u>	<u>29,477</u>

6 INTEREST

	Year ended 31 December 2016 £'000	18 month period ended 31 December 2015 £'000
Bank interest receivable	119	64
Group interest payable	(8)	(27)
	<u>111</u>	<u>37</u>

PORTAKABIN (SCOTLAND) LIMITED

Notes on the Accounts

for the year ended 31 December 2016

7 DIRECTORS AND EMPLOYEES

	Year ended 31 December 2016 £'000	18 month period ended 31 December 2015 £'000
Employment costs during the year were as follows:		
Wages and Salaries	4,141	5,540
Social security costs	409	554
Contributions to defined contribution schemes	258	446
	<u>4,808</u>	<u>6,540</u>

The average number of persons employed by the company during the year was:

	2016 £'000	2015 £'000
Operations	117	116
Administration	8	8
	<u>125</u>	<u>124</u>

The directors of the company were paid by the immediate parent company.

The amount of £196,000 (18 month period ended 31 December 2015: £115,000) has been apportioned to this company for their services as directors for this company.

The remuneration of the highest paid director who is employed by the parent company amounted to £115,000 (18 month period ended 31 December 2015: £90,000) excluding pension costs of £10,000 (2015: £5,000).

During the year 3 directors (18 month period ending 31 December 2015 - 3) participated in the group pension scheme.

8 TAXATION

	Year ended 31 December 2016 £'000 £'000		18 month period ended 31 December 2015 £'000 £'000	
i) Analysis of charge for the period				
Current tax:				
UK tax	858		1,660	
Adjustment relating to previous periods	(11)		(84)	
Total current tax		847		1,576
Deferred tax:				
Origination and reversal of timing differences	(98)		(445)	
Total deferred tax (note 13)		(98)		(445)
Tax on profit on ordinary activities		<u>749</u>		<u>1,131</u>

PORTAKABIN (SCOTLAND) LIMITED

Notes on the Accounts

for the year ended 31 December 2016

8 TAXATION (continued)

ii) Factors affecting tax charge for the period

The tax assessed for the period is lower (2015: lower) than the standard rate of corporation tax in the UK of 20.0% (2015: 20.5%). The differences are explained below:

	Year ended 31 December 2016 £'000	18 month period ended 31 December 2015 £'000
Profit after tax	3,025	4,797
Tax charge	749	1,131
Profit before tax	3,774	5,928
Profit on ordinary activities multiplied by standard rate of UK corporation tax of 20.0% (2015: 20.5%)	755	1,215
Effects of:		
Expenses not deductible for tax purposes	6	11
Adjustments in respect of prior periods	(11)	(84)
Deferred tax rate change	2	(18)
Other	(3)	7
Total tax charge for the period	749	1,131

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) was substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2016 has been calculated at these rates.

9 TANGIBLE ASSETS

	Hire Fleet £'000	Land and Buildings £'000	Plant and Equipment £'000	Total £'000
<i>Cost</i>				
At 31 December 2015	22,212	2,591	1,017	25,820
Additions	1,462	-	35	1,497
Disposals & transfers	(745)	-	-	(745)
At 31 December 2016	22,929	2,591	1,052	26,572
<i>Depreciation</i>				
At 31 December 2015	12,521	1,071	831	14,423
Charge for the period	1,456	26	49	1,531
Disposals & transfers	(291)	-	-	(291)
At 31 December 2016	13,686	1,097	880	15,663
Net Book Value at 31 December 2016	9,243	1,494	172	10,909
Net Book Value at 31 December 2015	9,691	1,520	186	11,397

Rental income received during the year was £10,656,000 (18 month period ended 31 December 2015: £15,611,000).

PORTAKABIN (SCOTLAND) LIMITED

Notes on the Accounts

for the year ended 31 December 2016

10 STOCKS

	2016 £'000	2015 £'000
Raw materials and consumables	214	164
Work-in-progress and Finished Goods	95	584
	<u>309</u>	<u>748</u>

11 DEBTORS

	2016 £'000	2015 £'000
Trade debtors	4,125	2,463
Amounts recoverable on contracts	379	997
Amounts due from group companies	101	34
Revenue fittings	1,868	1,815
Other debtors, prepayments and accrued income	41	33
	<u>6,514</u>	<u>5,342</u>

Amounts due from group companies are trade balances and are repayable on demand.

12 CREDITORS DUE WITHIN ONE YEAR

	2016 £'000	2015 £'000
Trade creditors	533	734
Amounts due to group companies	1,180	2,360
Corporation tax	394	979
Other taxes and social security	1,134	702
Accruals and deferred income	2,113	1,834
	<u>5,354</u>	<u>6,609</u>

Amounts due to group companies are trade balances and are repayable on demand.

PORTAKABIN (SCOTLAND) LIMITED

Notes on the Accounts

for the year ended 31 December 2016

13 DEFERRED TAXATION

	2016 £'000	2015 £'000
Provision for accelerated capital allowances	<u>57</u>	<u>155</u>
	<u>57</u>	<u>155</u>
Opening provision for deferred tax	155	600
Deferred tax credit in profit and loss account	<u>(98)</u>	<u>(445)</u>
Closing deferred tax liability	<u>57</u>	<u>155</u>

14 FINANCIAL INSTRUMENTS

	2016 £'000	2015 £'000
Financial assets due in less than one year		
Cash at bank and in hand	2,656	8,229
Trade debtors	4,125	2,463
Other debtors	<u>2,389</u>	<u>2,879</u>
	<u>9,170</u>	<u>13,571</u>

	2016 £'000	2015 £'000
Financial liabilities due in less than one year		
Trade creditors	533	734
Accruals	2,113	1,834
Other liabilities	<u>2,708</u>	<u>4,041</u>
	<u>5,354</u>	<u>6,609</u>

PORTAKABIN (SCOTLAND) LIMITED

Notes on the Accounts

for the year ended 31 December 2016

15 FINANCIAL RISK MANAGEMENT

The company has exposure to two main areas of risk - liquidity risk and customer credit exposure.

Liquidity risk

The objective of the company in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The company expects to meet its financial obligations through operating cash flows. In the event that the operating cash flows would not cover all the financial obligations the company has credit

Customer credit exposure

The company may offer credit terms to its customers which allow payment of the debt after delivery of the goods or services. The company is at risk to the extent that a customer may be unable to pay the debt on the specified due date. This risk is mitigated by the strong on-going customer relationships and by robust credit checking and credit control procedures.

16 SHARE CAPITAL

	2016 £'000	2015 £'000
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	1,500	1,500

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

17 RESERVES

Profit and loss account

This includes all current and prior period retained profits and losses.

18 PENSIONS

Group Defined benefit pension scheme

During the period, 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 Company's finances and are administered by a Trustee.

There is a Group policy in place under which the parent company, Portakabin Limited, has full responsibility in relation to the pension deficit and therefore the Company has accounted for the scheme as if it were a defined contribution scheme as permitted under FRS102 s28.

The latest full actuarial valuation of the scheme was carried out at 31 December 2015 which indicated a deficit of £43 million. A recovery plan including monthly payment of deficit contributions has been agreed with the Trustee and has been filed with The Pensions Regulator.

Additionally, as required by FRS102, a separate valuation as at 31 December 2016 has been undertaken by an independent qualified actuary. The valuation on the FRS102 basis showed a deficit in the scheme after tax of £23m (2015 - £15m). Full details of the FRS 102 valuation are disclosed within the financial statements of the parent Portakabin Limited.

PORTAKABIN (SCOTLAND) LIMITED

Notes on the Accounts

for the year ended 31 December 2016

18 PENSIONS (continued)

Defined contribution scheme

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 can be analysed as follows:

	Year ended 31 December 2016 £'000	18 month period ended 31 December 2015 £'000
Standard employer contributions	49	67
Salary Sacrifice contributions	209	379
	<u>258</u>	<u>446</u>

19 OPERATING LEASE COMMITMENTS

At 31 December 2016 the Company's future minimum operating lease payments under non-cancellable operating leases are payable as follows:

	2016 £'000	2015 £'000
Within one year	332	324
Between one and five years	508	672
	<u>840</u>	<u>996</u>

20 CONTINGENT LIABILITIES

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

21 TRANSITION TO FRS 102

As stated in note 2, the Company has adopted FRS 102 for the year ended 2016 and has restated the comparative prior year amounts.

In preparing its FRS 102 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting. An explanation of how the transition from UK GAAP to FRS 102 has affected the Company's financial position and financial performance is set out in the following tables.

PORTAKABIN (SCOTLAND) LIMITED

Notes on the Accounts for the year ended 31 December 2016

21 TRANSITION TO FRS 102 (continued)

	1 July 2014 Effect of transition to			31 December 2015 Effect of transition to		
	UK GAAP £'000	FRS 102 £'000	FRS 102 £'000	UK GAAP £'000	FRS 102 £'000	FRS 102 £'000
Fixed Assets						
Intangible assets	-	-	-	-	-	-
Tangible assets	11,641	-	11,641	11,397	-	11,397
Total Fixed Assets	11,641	-	11,641	11,397	-	11,397
Current Assets						
Stocks	725	-	725	748	-	748
Debtors	5,042	-	5,042	5,342	-	5,342
Cash at bank and short term deposits	3,534	-	3,534	8,229	-	8,229
Total Current Assets	9,301	-	9,301	14,319	-	14,319
Creditors due within one year	(6,187)	-	(6,187)	(6,609)	-	(6,609)
Net Current Assets	3,114	-	3,114	7,710	-	7,710
Total Assets less Current Liabilities	14,755	-	14,755	19,107	-	19,107
Creditors due after more than one year	-	-	-	-	-	-
Provision for Liabilities	(501)	(99)	(600)	(150)	(5)	(155)
Deferred taxation	14,254	(99)	14,155	18,957	(5)	18,952
NET ASSETS						
Capital and Reserves	1,500	-	1,500	1,500	-	1,500
Called up share capital	12,754	(99)	12,655	17,457	(5)	17,452
Reserves	14,254	(99)	14,155	18,957	(5)	18,952
SHAREHOLDERS' FUNDS						

PORTAKABIN (SCOTLAND) LIMITED

Notes on the Accounts

for the year ended 31 December 2016

21	TRANSITION TO FRS 102 (continued)	18 month period ended 31 December 2015		
		UK GAAP £'000	Effect of transition to FRS 102 £'000	FRS 102 £'000
	Turnover	35,368	-	35,368
	Costs and administrative expenses less Other income	(29,477)	-	(29,477)
	Operating Profit	5,891	-	5,891
	Interest receivable and similar income	64	-	64
	Interest payable and similar charges	(27)	-	(27)
	Profit on Ordinary Activities Before Taxation	5,928	-	5,928
	Tax on profit on ordinary activities	(1,225)	94	(1,131)
	Profit for the Financial Period	4,703	94	4,797

Notes to the reconciliation of profit

The company previously discounted deferred tax liabilities as allowed by FRS 3. On transition to FRS 102 this discount has been unwound, increasing deferred tax liabilities at 31 December 2015 and 31 July 2014 by £99,000 and £5,000 respectively.

PORTAKABIN (SCOTLAND) LIMITED

Corporate Information

Directors

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Mr J M Collins
Mr P Duncan

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Auditor

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