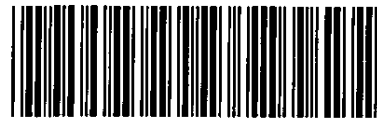


Company Registration No. SC047482 (Scotland)

GRAY & ADAMS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2012

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COMPANIES HOUSE

GRAY & ADAMS LIMITED

COMPANY INFORMATION

Directors	Lewis B Gray James J Gray Peter Gray Martin Gray Lewis Gray Paul Mitchell (Appointed 16 November 2011)
Secretary	Paul Mitchell
Company number	SC047482
Registered office	South Road Fraserburgh AB43 9HU
Auditors	Johnston Carmichael LLP Bishop's Court 29 Albyn Place Aberdeen AB10 1YL
Business address	South Road Fraserburgh AB43 9HU
Solicitors	Brown & McRae Anderson House 9-11 Frithside Street Fraserburgh AB43 9AB

GRAY & ADAMS LIMITED

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GRAY & ADAMS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2012

The directors present their report and financial statements for the year ended 30 April 2012.

Principal activities and review of the business

The company operates mainly in the UK and its principal activity continues to be that of manufacture and repair of refrigerated and dry freight vehicles for the transport industry. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

Review of business

As shown in the company's profit and loss account on page 6, turnover increased by 3.9%. On page 8 of the financial statements, the balance sheet shows that the net assets position of the company at the year ended 30 April 2012 has increased by £623,471.

Principal risks and uncertainties

Approximately 10% of raw materials are imported from other EU countries and therefore the company is exposed to the movement in the euro to sterling exchange rate. The company seeks to manage this risk via appropriate treasury management.

As for many businesses our size, the business environment in which we operate continues to be challenging.

Environment

The company recognises the importance of its environmental responsibilities and has plans in place to manage its impact on the environment. The directors are taking their environmental responsibilities very seriously and have formed a management team specifically to review this on a regular basis.

Results and dividends

The results for the year are set out on page 6.

An interim ordinary dividend was paid amounting to £920,806. The directors do not recommend payment of a final dividend.

Directors

The following directors have held office since 1 May 2011:

Lewis B Gray

James J Gray

Peter Gray

Martin Gray

Lewis Gray

Paul Mitchell

Derek Smith

(Appointed 16 November 2011)

(Resigned 16 November 2011)

GRAY & ADAMS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2012

Charitable donations

	2012 £	2011 £
During the year the company made the following payments:		
Local donations	1,009	4,001
National donations	8,445	10,742
	<u>9,454</u>	<u>14,743</u>

Employee involvement

Staff involvement in performance is encouraged through a bonus scheme. The company consults with representatives of the employees in matters which concern them.

Disabled persons

Due to the type of work undertaken by the company, that is, heavy manual labour, we have a permit which exempts us from employing persons who are registered as disabled.

The company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Statement of directors' responsibilities

The directors are responsible for preparing 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 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;
- 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 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.

GRAY & ADAMS LIMITED

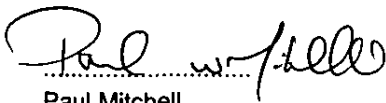
DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2012

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board



Paul Mitchell

Secretary

23 NOVEMBER 2012

GRAY & ADAMS LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GRAY & ADAMS LIMITED

We have audited the financial statements of Gray & Adams Limited for the year ended 30 April 2012 set out on pages 6 to 25. 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 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 auditors' 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, included in the Directors' Report set out on pages 1 - 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 April 2012 and of its profit 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 matter prescribed by the Companies Act 2006

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

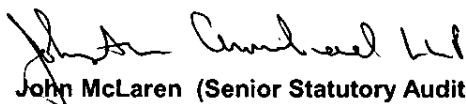
GRAY & ADAMS LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF GRAY & ADAMS LIMITED

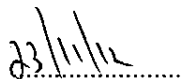
Matters on which we are required to report by exception

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.



John McLaren (Senior Statutory Auditor)
for and on behalf of Johnston Carmichael LLP



Chartered Accountants
Statutory Auditor

Bishop's Court
29 Albyn Place
Aberdeen
AB10 1YL

GRAY & ADAMS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 APRIL 2012

		2012	2011
	Notes	£	£
Turnover	2	90,026,788	86,640,946
Cost of sales		(79,494,456)	(76,974,632)
Gross profit		10,532,332	9,666,314
Administrative expenses		(8,344,245)	(7,843,824)
Other operating income		345,449	593,279
Operating profit	3	2,533,536	2,415,769
Investment income	4	50,000	40,000
Interest payable and similar charges	5	(11,635)	(993)
Other finance (costs)/income	17	-	30,000
Profit on ordinary activities before taxation		2,571,901	2,484,776
Tax on profit on ordinary activities	6	(443,624)	(776,275)
Profit for the year	19	2,128,277	1,708,501

The profit and loss account has been prepared on the basis that all operations are continuing operations.

GRAY & ADAMS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 30 APRIL 2012

		2012 £	2011 £
Profit for the financial year		2,128,277	1,708,501
Actuarial (loss)/gain on pension scheme	17	(1,700,000)	900,000
Impact of unrecognised pension asset	17	1,116,000	(1,225,000)
Movement on deferred tax relating to pension asset	17	-	89,857
Total recognised gains and losses relating to the year		1,544,277	1,473,358

GRAY & ADAMS LIMITED

BALANCE SHEET

AS AT 30 APRIL 2012

	Notes	2012 £	£	2011 £	£
Fixed assets					
Intangible assets	8	10,174		13,558	
Tangible assets	9	6,250,259		7,002,665	
Investments	10	286,252		286,252	
		<u>6,546,685</u>		<u>7,302,475</u>	
Current assets					
Stocks	11	9,676,598	14,183,312		
Debtors	12	8,583,637	6,513,046		
Cash at bank and in hand		<u>1,661,936</u>	<u>457,032</u>		
		19,922,171	21,153,390		
Creditors: amounts falling due within one year	13	<u>(16,952,595)</u>	<u>(19,372,689)</u>		
Net current assets		<u>2,969,576</u>		<u>1,780,701</u>	
Total assets less current liabilities		<u>9,516,261</u>		<u>9,083,176</u>	
Creditors: amounts falling due after more than one year	14		-	(184,800)	
Accruals and deferred income	16	<u>(76,634)</u>		<u>(82,220)</u>	
		<u>9,439,627</u>		<u>8,816,156</u>	
Capital and reserves					
Called up share capital	18	24,000		24,000	
Other reserves	19	16,000		16,000	
Profit and loss account	19	<u>9,399,627</u>		<u>8,776,156</u>	
Shareholders' funds	20	<u>9,439,627</u>		<u>8,816,156</u>	

Approved by the Board and authorised for issue on 23 NOVEMBER 2012


Lewis B Gray
Director

Company Registration No. SC047482

GRAY & ADAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2012

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention. The accounts have been prepared to 27 April 2012 (2011 - 6 May 2011).

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Turnover and profits

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. Turnover is recognised at the point at which the company has performed its obligations and is entitled to receive consideration for that performance.

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

1.4 Patents

Patents are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful lives of 5 years.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Freehold buildings	- 5% straight line
Residential property	- not depreciated (see note 9)
Plant and vehicles	- 25% reducing balance/12.5% straight line

1.6 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.7 Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value with proper provision being made for obsolete and slow moving stock. Cost is defined as amounts incurred in bringing each item to its present location and condition which in the case of raw materials and goods for resale is on a first in first out basis. In the case of work in progress and manufactured goods cost is cost of direct materials and labour plus attributable overheads. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

Vehicles which are the subject of repurchase agreements are included at the agreed repurchase price net of any provision to reduce the carrying value to the estimated realisable value. The associated liability is recorded in creditors.

GRAY & ADAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2012

1 Accounting policies

(continued)

1.8 Long term contracts

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account.

1.9 Pensions

The company operated a defined benefit pension scheme which covered more than 200 eligible employees. In accordance with FRS 17, Retirement Benefits, the service cost of the pension provision relating to the period, together with the cost of any benefits relating to past service, is charged to the profit and loss account. A charge equal to the increase in present value of the scheme's liabilities (because benefits are closer on settlement) and a credit equivalent to the company's long term expected return on assets (based on the market value of the scheme's assets at the start of the period) are included in the profit and loss account under 'other finance costs'. Although the scheme had previously closed to new employees, future service accrual also ceased for all existing members on 5 April 2006.

The difference between the market value of the assets of the scheme and the present value of accrued pension liabilities is shown as an asset (where recoverable) or liability on the balance sheet, net of deferred taxation. Any difference between the expected return on assets and that actually achieved is recognised in the statement of total recognised gains and losses, along with the differences which arise from experience or assumption changes.

Until 2010, the company accounted for the defined benefit pension scheme as a defined contribution scheme as it was a multi-employer scheme. Although it remains a multi-employer scheme, the company employed a significant majority of the members remaining in the scheme. The directors therefore believe it is appropriate to account for the scheme as a defined benefit scheme.

All new employees will no longer be introduced into the existing scheme above, instead the company shall make a contribution, if it chooses to do so, towards individual personal pension plans.

The company also operates a defined contribution scheme for certain employees. The amounts charged to the profit and loss account are the contributions payable in the year. The assets of the scheme are held separately from those of the company.

Further information on pension arrangements is provided in note 17.

1.10 Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not they will be recovered. Deferred tax assets and liabilities are not discounted.

1.11 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

GRAY & ADAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2012

1 Accounting policies

(continued)

1.12 Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

1.13 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of Gray & Adams Group Limited, a company incorporated in Scotland, and is included in the consolidated accounts of that company.

2 Turnover

Geographical market

	Turnover 2012 £	2011 £
UK	89,469,069	85,271,825
Europe	557,719	1,369,121
	<u>90,026,788</u>	<u>86,640,946</u>

3 Operating profit

	2012 £	2011 £
Operating profit is stated after charging:		
Amortisation of intangible assets	3,384	4,524
Depreciation of tangible assets	910,157	829,128
Fees payable to the company's auditor for the audit of the company's annual accounts	38,000	37,500
and after crediting:		
Government grants	21,131	22,360
Profit on disposal of tangible assets	<u>65,714</u>	<u>38,246</u>

An analysis of fees payable to the company's auditors is not provided in these financial statements as this information is included in the consolidated financial statements of Gray & Adams Group Limited.

GRAY & ADAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2012

4	Investment income	2012	2011
		£	£
	Income from shares in group undertakings	50,000	40,000
		<u>50,000</u>	<u>40,000</u>

5	Interest payable	2012	2011
		£	£
	On bank loans and overdrafts	11,635	993
		<u>11,635</u>	<u>993</u>

GRAY & ADAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2012

6	Taxation	2012 £	2011 £
	Domestic current year tax		
	U.K. corporation tax	605,646	609,360
	Adjustment for prior years	(152,163)	(10,528)
	Payment in respect of group relief	46,965	33,762
	Total current tax	500,448	632,594
	Deferred tax		
	Deferred tax credit	(65,717)	(54,803)
	Effect of change in tax rates	769	(293)
	Deferred tax charge on pension liability	-	198,777
	Deferred tax adjust re previous year	8,124	-
		(56,824)	143,681
		443,624	776,275
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	2,571,901	2,484,776
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 25.83% (2011 - 27.84%)	664,322	691,762
	Effects of:		
	Non-deductible expenses	31,740	52,110
	Depreciation in excess of capital allowances	78,909	19,301
	Prior year adjustment	(152,163)	(10,528)
	Provisions allowed	57,208	89,965
	Profit on disposal of fixed assets	(16,974)	-
	Effect of FRS17 adjustments	(150,847)	(198,777)
	Non-taxable dividends and distributions received	(12,915)	(11,136)
	Other tax adjustments	1,168	(103)
		(163,874)	(59,168)
	Current tax charge for the year	500,448	632,594

GRAY & ADAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2012

7	Dividends	2012	2011
		£	£
	Ordinary interim paid	<u>920,806</u>	<u>100,000</u>
8	Intangible fixed assets	Patents	
		£	
	Cost		
	At 1 May 2011 & at 30 April 2012		<u>90,756</u>
	Amortisation		
	At 1 May 2011		77,198
	Charge for the year		<u>3,384</u>
	At 30 April 2012		<u>80,582</u>
	Net book value		
	At 30 April 2012		<u>10,174</u>
	At 30 April 2011		<u>13,558</u>

GRAY & ADAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2012

9 Tangible fixed assets

	Freehold buildings £	Residential property £	Plant and vehicles £	Total £
Cost				
At 1 May 2011	6,756,175	241,848	10,511,604	17,509,627
Additions	5,302	-	403,206	408,508
Disposals	-	-	(575,069)	(575,069)
At 30 April 2012	6,761,477	241,848	10,339,741	17,343,066
Depreciation				
At 1 May 2011	2,814,518	-	7,692,444	10,506,962
On disposals	-	-	(324,312)	(324,312)
Charge for the year	194,202	-	715,955	910,157
At 30 April 2012	3,008,720	-	8,084,087	11,092,807
Net book value				
At 30 April 2012	3,752,757	241,848	2,255,654	6,250,259
At 30 April 2011	3,941,657	241,848	2,819,160	7,002,665

The cost of non-depreciable assets included in land and buildings is £1,939,367 (2011 - £1,939,367). Residential property with a cost of £241,848 (2011 - £241,848) has not been depreciated. The non-depreciation of residential property is not in accordance with FRS15 but in the directors' opinion the effect of the departure is not considered to be material.

GRAY & ADAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2012

10 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 May 2011 & at 30 April 2012	286,252
Net book value	
At 30 April 2012	286,252
At 30 April 2011	286,252

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
Gray & Adams (Doncaster) Limited	Scotland	Ordinary	26.67
Gray & Adams (Dunfermline) Limited	Scotland	Ordinary	90.00
Gray & Adams (Ireland) Limited	Northern Ireland	Ordinary	100.00

Although Gray & Adams Limited does not directly hold any of the share capital of Gray & Adams (Dublin) Limited, the directors are of the opinion that Gray & Adams Limited has both a participating interest in the company and actually exercises a dominant influence and therefore it has been accounted for as a subsidiary undertaking.

11 Stocks and work in progress

	2012 £	2011 £
Raw materials and consumables	4,866,743	7,979,484
Work in progress	4,625,055	6,019,028
Vehicles subject to repurchase agreements	184,800	184,800
	<u>9,676,598</u>	<u>14,183,312</u>

GRAY & ADAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2012

12 Debtors	2012 £	2011 £
Trade debtors	6,036,498	4,552,892
Amounts owed by parent and fellow subsidiary undertakings	2,237,233	1,749,150
Other debtors	48,027	94,822
Prepayments and accrued income	186,936	98,063
Deferred tax asset (see note 15)	74,943	18,119
	<u>8,583,637</u>	<u>6,513,046</u>

Amounts falling due after more than one year and included in the debtors above are:

	2012 £	2011 £
Amounts owed by group undertakings	<u>155,250</u>	<u>155,250</u>

13 Creditors: amounts falling due within one year	2012 £	2011 £
Trade creditors	10,263,678	14,410,832
Amounts owed to parent and fellow subsidiary undertakings	1,516,716	1,469,463
Corporation tax	196,629	304,375
Other taxes and social security costs	1,239,747	1,389,166
Other creditors	115,373	111,602
Vehicles subject to repurchase agreements	184,800	-
Accruals and deferred income	3,435,652	1,687,251
	<u>16,952,595</u>	<u>19,372,689</u>

14 Creditors: amounts falling due after more than one year	2012 £	2011 £
Vehicles subject to repurchase agreements	<u>-</u>	<u>184,800</u>

GRAY & ADAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2012

15 Provisions for liabilities

The deferred tax asset (included in debtors, note 12) is made up as follows:

	2012 £
Balance at 1 May 2011	(18,119)
Profit and loss account	(56,824)
Balance at 30 April 2012	<u>(74,943)</u>

	2012 £	2011 £
Fixed asset timing differences	12,149	18,646
Short term timing differences	(87,092)	(36,765)
	<u>(74,943)</u>	<u>(18,119)</u>

16 Accruals and deferred income

	Government grants £
Balance at 1 May 2011	82,220
Grants received during the year	15,545
Amortisation in the year	(21,131)
Balance at 30 April 2012	<u>76,634</u>

Government grants received may be repayable in part or in full should the company not meet certain conditions relating to the grant.

GRAY & ADAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2012

17 Pension and other post-retirement benefit commitments

Defined contribution

The company operates a defined contribution pension scheme for certain employees. The amounts charged to the profit and loss account are the contributions payable in the year.

	2012 £	2011 £
Contributions payable by the company for the year	594,727	559,621
Contributions payable to the fund at the year end and included in creditors	38,483	55,781

Employee benefit obligations

The valuation used for the Financial Reporting Standard No.17 disclosures has been based on the most recent actuarial valuation at 30 April 2009 and updated by an independent qualified actuary to take account of the requirements of Financial Reporting Standard No. 17 in order to assess the liabilities of the scheme at 30 April 2012. Scheme assets are stated at their market value at 30 April 2012.

The scheme is now closed, with no further benefits accruing to members beyond 2006. One contribution payment was made to the scheme amounting to £487,000.

The financial position of the scheme is measured in accordance with the requirements of Financial Reporting Standard No.17, which is based on the market value of the scheme's assets at the balance sheet date with the liabilities being calculated using actuarial assumptions determined by the market conditions at that date. As such, it shows the value at a single point in time of a number which can vary significantly. The position disclosed is in accordance with the requirements of Financial Reporting Standard No.17, and does not impact on the scheme's future contribution requirements, this being determined by triennial actuarial valuations which are carried out on a long-term basis.

The long term expected rates of return are as follows:

	2012 %	2011 %	2010 %
Equities	6.25	7.30	7.50
Bonds	4.50	5.20	5.50
Property	6.25	7.30	7.50
Other assets	0.50	0.50	0.50

GRAY & ADAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2012

17 Pension and other post-retirement benefit commitments

(continued)

The amounts recognised in the balance sheet are as follows:

	2012 £	2011 £
Present value of funded obligations	(12,322,000)	(12,523,000)
Fair value of plan assets	12,431,000	13,748,000
	<u>109,000</u>	<u>1,225,000</u>
Unrecognised pension fund asset	(109,000)	(1,225,000)
	<u>-</u>	<u>-</u>
Net asset/(liability)	-	-

On 30 April 2012 there was a surplus of £109,000 (2011 - £1,225,000). There is no scope for Gray & Adams Limited to recoup the surplus. Therefore the pension asset recognised in respect of the scheme as at 30 April 2012 was £nil.

The amounts recognised in the profit and loss account are as follows:

	2012 £	2011 £
Included in operating profit		
Gains on curtailments and settlements	97,000	144,000
	<u>97,000</u>	<u>144,000</u>
Included in other finance (costs)/income		
Interest on obligation	(659,000)	(782,000)
Expected return on pension scheme assets	659,000	812,000
	<u>-</u>	<u>30,000</u>
Total	<u>97,000</u>	<u>174,000</u>

GRAY & ADAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2012

17 Pension and other post-retirement benefit commitments

(continued)

Analysis of amount recognised in the statement of total recognised gains and losses:

	2012 £	2011 £
Actual return less expected return on pension scheme assets	(687,000)	44,000
Experience gains and losses arising on scheme liabilities	(1,013,000)	856,000
Movement in unrecognised assets	1,116,000	(1,225,000)
Movement on deferred tax relating to pension liabilities	-	89,857
	<u>(584,000)</u>	<u>(235,143)</u>
Actual return on plan assets	<u>(28,000)</u>	<u>856,000</u>

Changes in the present value of the defined benefit obligation are as follows:

	2012 £	2011 £
Opening defined benefit obligation	(12,523,000)	(14,835,000)
Interest cost	(659,000)	(782,000)
Actuarial (losses)/gains	(1,013,000)	856,000
Reduction in liability on settlements	1,666,000	2,016,000
Benefits paid	207,000	222,000
Closing defined benefit obligation	<u>(12,322,000)</u>	<u>(12,523,000)</u>

The overall expected rate of return of the scheme has been based on the average expected return for each asset class, weighted by the amount of assets in each class. The expected return for each asset takes into account the history of past returns, and the investment managers' view of the economic outlook.

Changes in fair value of plan assets are as follows:

	2012 £	2011 £
Opening fair value of plan assets	13,748,000	14,446,000
Expected return	659,000	812,000
Actuarial (losses)/gains	(687,000)	44,000
Assets distributed on settlements	(1,569,000)	(1,872,000)
Contributions by employer	487,000	540,000
Benefits paid	<u>(207,000)</u>	<u>(222,000)</u>
Closing fair value of plan assets	<u>12,431,000</u>	<u>13,748,000</u>

GRAY & ADAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2012

17 Pension and other post-retirement benefit commitments

(continued)

The company expects to contribute £487,000 to its defined benefit plan in the year ending 30 April 2013.

The major categories of plan assets as a percentage of total plan assets are as follows:

	2012 %	2011 %
Equities	30	39
Bonds	64	58
Property	-	1
Other assets	6	2

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2012 %	2011 %
Discount rate at 30 April 2012	4.90	5.70
Expected return on plan assets at 30 April 2012	4.38	5.08
Future salary increases - subject to a maximum of 3% pa	2.10	3.00
Future pension increases - subject to a maximum of 5% pa	3.10	3.30
Inflation assumption	2.10	2.60

	2012 Years	2011 Years
Mortality rate	22.00	22.00

Amounts for the current and previous four periods are as follows:

	2012 £	2011 £	2010 £	2009 £	2008 £
Defined benefit obligation	(12,322,000)	(12,523,000)	(14,835,000)	(12,180,000)	(14,741,000)
Plan assets	12,431,000	13,748,000	14,446,000	12,858,000	16,291,000
Surplus/(deficit)	109,000	1,225,000	(389,000)	678,000	1,550,000
Experience adjustments on plan liabilities	(1,013,000)	856,000	(3,491,000)	762,000	102,000
Experience adjustments on plan assets	(687,000)	44,000	1,971,000	(2,648,000)	(1,959,000)

GRAY & ADAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2012

18 Share capital	2012 £	2011 £
Allotted, called up and fully paid		
8,000 Ordinary shares of £1 each	8,000	8,000
16,000 'A' Ordinary shares of £1 each	16,000	16,000
	<u>24,000</u>	<u>24,000</u>

The Ordinary shares and the 'A' Ordinary shares rank pari passu in all respects.

19 Statement of movements on reserves	Other reserves (see below) £	Profit and loss account £
Balance at 1 May 2011	16,000	8,776,156
Profit for the year	-	2,128,277
Dividends paid	-	(920,806)
Actuarial gains or losses on pension scheme assets	-	(584,000)
Balance at 30 April 2012	<u>16,000</u>	<u>9,399,627</u>
Other reserves		
Capital redemption reserve		
Balance at 1 May 2011 & at 30 April 2012	<u>16,000</u>	

20 Reconciliation of movements in shareholders' funds	2012 £	2011 £
Profit for the financial year	2,128,277	1,708,501
Dividends	(920,806)	(100,000)
	<u>1,207,471</u>	<u>1,608,501</u>
Other recognised gains and losses	(584,000)	(325,000)
Movement on deferred tax relating to pension asset	-	89,857
Net addition to shareholders' funds	<u>623,471</u>	<u>1,373,358</u>
Opening shareholders' funds	8,816,156	7,442,798
Closing shareholders' funds	<u>9,439,627</u>	<u>8,816,156</u>

GRAY & ADAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2012

21 Capital commitments	2012	2011
	£	£

At 30 April 2012 the company had capital commitments as follows:

Contracted for but not provided in the financial statements	67,893	-
	<u> </u>	<u> </u>

22 Directors' remuneration	2012	2011
	£	£

Remuneration for qualifying services	1,082,963	880,945
Company pension contributions to defined contribution schemes	46,451	27,426
	<u> </u>	<u> </u>
	1,129,414	908,371
	<u> </u>	<u> </u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2011 - 3).

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	218,602	196,188
	<u> </u>	<u> </u>

GRAY & ADAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2012

23 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2012 Number	2011 Number
Directors and office staff	40	41
Production and distribution staff	373	358
	<u>413</u>	<u>399</u>

Employment costs

	2012 £	2011 £
Wages and salaries	14,014,675	11,328,118
Social security costs	1,548,763	1,321,348
Other pension costs	497,727	415,621
	<u>16,061,165</u>	<u>13,065,087</u>

Other pension costs include a net credit of £97,000 (2011 - £144,000) as a result of FRS17 implementation.

24 Control

The company's ultimate parent company is Gray & Adams Holdings Limited. No one individual controls Gray & Adams Holdings Limited. The smallest group in which the results of the company are consolidated is that headed by Gray & Adams Group Limited, the company's immediate parent company. The largest group in which the results of the company are consolidated is that headed by Gray & Adams Holdings Limited and copies can be obtained from Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF.

25 Related party relationships and transactions

Other transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with 100% owned group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.

During the year the company purchased goods and services of £2,341,419 (2011 - £4,465,486) and sold goods and services of £5,819,133 (2011 - £3,384,266) from other members of the Gray & Adams group at pre-agreed re-charged rates. The balance due from and due to those companies is disclosed in notes 12 and 13 respectively.