Scotia Double Glazing Limited

Report and Financial Statements

Year Ended

30 June 2012

Company Number SC084590

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Scotia Double Glazing Limited

Report and financial statements
for the year ended 30 June 2012

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Directors

A J Crabb
M S Yarlett
R McKnight

Secretary and registered office

R McKnight, Block 2, Bonnyton Industrial Estate, Munro Place, Kilmarnock, KA1 2NP

Company number

SC084590

Auditors

BDO LLP, 4 Atlantic Quay, 70 York Street, Glasgow, G2 8JX

Bankers

Bank of Scotland, 30/34 King Street, Kilmarnock, Ayrshire, KA1 1NP

Solicitors

Mackintosh and Wylie, 23 The Foregate, Kilmarnock, Ayrshire, KA1 1LE

Scotia Double Glazing Limited

Report of the directors
for the year ended 30 June 2012

The directors present their report together with the audited financial statements for the year ended 30 June 2012.

Results and dividends

The profit and loss account is set out on page 5 and shows the profit for the year.

The directors do not recommend the payment of a dividend.

Principal activities, review of business and future developments

The company's principal activity is the supply and installation of upvc Double Glazing products to the domestic, trade, commercial and new build markets together with the planning and erection of domestic conservatories and the supply and fitting of roofline products.

The company made a pre tax profit in the year to 30 June 2012 of £178,116 compared to a profit of £306,044 to 30 June 2011 despite an increase in revenue of 7%.

Domestic revenue fell during the year and new build revenue increased substantially again emphasising the change in the company's business.

Direct material costs increased by 2.6% in the year as a percentage of revenue.

Since 2008 the decline in the conservatory market has been stark and it has therefore been decided to withdraw from this market.

During the year it was decided to introduce a night shift at the front end of the production line as we were running short of machine hours. This move has helped us to increase production and our 2012/13 targets reflect this move.

The construction industry as a whole is facing a tough year but we are confident of achieving our projected profit to 30 June 2013 of just over £200k.

Financial risks and uncertainties

The company's credit risk is primarily attributable to its trade debtors. Credit risk is managed by running credit checks on new customers and by monitoring payments against strict contractual agreements.

The company utilises its bank facility as part of its management of working capital. As a direct result of monitoring cash flows the company ensures it always remains within the agreed facility level. Forecasts and projections are reviewed regularly, and sensitivity analysis performed to ensure that the company can continue to operate within its current facility.

Directors' Indemnity Insurance

The directors have been indemnified by the company in respect of any costs incurred by them in defending any proceedings brought against them arising out of their positions as directors of Scotia Double Glazing Limited.

Directors

The directors of the company during the year were:

A J Crabb
M S Yarlett
R McKnight

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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

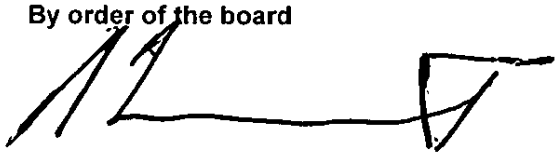
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies 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.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

The auditors, BDO LLP, are deemed to be re-appointed in accordance with section 487 of the Companies Act 2006.

By order of the board



R McKnight
Secretary
17 October 2012

Scotia Double Glazing Limited

Independent auditor's report

To the members of Scotia Double Glazing Limited

We have audited the financial statements of Scotia Double Glazing Limited for the year ended 30 June 2012 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the note of historical cost profits and losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's 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 statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 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.

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.

BDO LLP

Andrew McNamara (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Glasgow
United Kingdom

17 October 2012

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Scotia Double Glazing Limited

Profit and loss account
for the year ended 30 June 2012

	Note	2012 £	2011 £
Turnover	2	**9,300,658**	8,654,107
Cost of sales		**7,498,601**	6,643,322
Gross profit		**1,802,057**	2,010,785
Distribution costs		**678,752**	686,962
Administrative expenses		**921,581**	987,444
Operating profit	3	**201,724**	336,379
Interest receivable	5	**30**	5
Interest payable and similar charges	6	**(23,638)**	(30,340)
Profit on ordinary activities before taxation		**178,116**	306,044
Taxation on profit on ordinary activities	7	**49,375**	94,130
Profit on ordinary activities after taxation		**128,741**	211,914

All amounts relate to continuing activities.
There are no movements in shareholders' funds in the current or prior year apart from the profit for the year.

The notes on pages 8 to 17 form part of these financial statements.

Scotia Double Glazing Limited

Statement of total recognised gains and losses and note of historical cost profits and losses for the year ended 30 June 2012

	Note	2012 £	2011 £
Statement of total recognised gains and losses			
Profit for the financial year		**128,741**	211,914
Unrealised surplus on revaluation of properties		**-**	275,701
Total recognised gains and losses for the financial year		**128,741**	487,615

	2012 £	2011 £
Note of historical cost profits and losses		
Reported profit on ordinary activities before taxation	**178,116**	306,044
Difference between actual and historical cost depreciation charge	**8,062**	-
Historical cost profit on ordinary activities before taxation	**186,178**	306,044
Historical cost profit for the year after taxation	**136,803**	211,914

The notes on pages 8 to 17 form part of these financial statements.

Scotia Double Glazing Limited

Balance sheet
at 30 June 2012

Company number SC084590	Note	2012 £	2012 £	2011 £	2011 £
Fixed assets					
Tangible assets	8		**640,115**		714,200
Current assets					
Stocks	9	**405,745**		454,642	
Debtors	10	**1,969,139**		1,433,090	
Cash at bank and in hand		**145**		117,311	
		2,375,029		2,005,043	
Creditors: amounts falling due within one year	11	**1,705,947**		1,532,655	
Net current assets			**669,082**		472,388
Total assets less current liabilities			**1,309,197**		1,186,588
Creditors: amounts falling due after more than one year	12	**250,000**		255,189	
Provisions for liabilities	13	**26,286**		27,229	
			276,286		282,418
			1,032,911		904,170
Capital and reserves					
Called up share capital	15		**6,000**		6,000
Revaluation reserve	16		**267,639**		275,701
Profit and loss account	16		**759,272**		622,469
Shareholders' funds			**1,032,911**		904,170

The financial statements were approved by the board of directors and authorised for issue on 17 October 2012.

A J Crabb
Director

M S Yarlett
Director

The notes on pages 8 to 17 form part of these financial statements.

1 Accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and are in accordance with applicable accounting standards.

The following principal accounting policies have been applied:

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by Ayrshire Aluminium Co. Limited and the company is included in consolidated financial statements.

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales. Turnover is recognised when the risks and rewards of owning the goods have passed to the customer.

Depreciation

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all tangible fixed assets, except for freehold land, over their expected useful lives. It is calculated at the following rates:

Buildings	- 2% straight line
Leasehold property improvements	- over the length of the lease
Plant and machinery	- 20% reducing balance and 5 to 10 years straight line
Motor vehicles	- 25% straight line
Office equipment	- 15% reducing balance and 4 years straight line

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost consists of purchase invoice costs and, where appropriate, attributable overheads. Work in progress is valued at the lower of cost and net realisable value. Cost consists of direct materials, labour and attributable overheads. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal.

Long-term contracts are assessed on a contract by contract basis and are reflected in the profit and loss account by recording turnover and related costs as contract activity progresses. Where the outcome of each long-term contract can be assessed with reasonable certainty before its conclusion, the attributable profit is recognised in the profit and loss account as the difference between the reported turnover and related costs for that contract.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

1 Accounting policies *(continued)*

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account over the shorter of estimated useful economic life and the period of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

Guarantees and warranties

Provision is made for the expected cost of maintenance under guarantees and warranties.

2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

3 Operating profit

	2012 £	2011 £
This is arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	**85,246**	91,492
Profit on disposal of tangible fixed assets	**(12,873)**	(3,350)
Auditors' remuneration:		
- fees payable to the company's auditor for the audit of the company's annual accounts	**8,000**	8,000
Rent of property - operating leases	**75,248**	70,542

4 Employees

Staff costs (including directors) consist of:

	2012 £	2011 £
Wages and salaries	**1,335,015**	1,062,269
Social security costs	**124,402**	108,691
Other pension costs	**12,523**	13,679
	1,471,940	1,184,639

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

	2012 Number	2011 Number
Management and administration	**23**	20
Production, installation and sales	**61**	50
	84	70

No director received any emoluments during this year or the prior year. All remuneration paid to the directors is paid by the company's holding company Ayrshire Aluminium Co. Limited.

5 Interest receivable

	2012 £	2011 £
Bank deposits	**30**	-
Corporation tax interest received	**-**	5

6 Interest payable and similar charges

	2012 £	2011 £
Bank loans and overdrafts	**4,297**	4,175
Hire purchase contracts	**4,341**	12,165
Other loan interest	**15,000**	14,000
	23,638	30,340

7 Taxation on profit on ordinary activities

	2012 £	2011 £
UK Corporation tax		
Current tax on profits of the year	**48,411**	96,521
Adjustment in respect of previous periods	**1,907**	(970)
Total current tax	**50,318**	95,551
Deferred tax		
Origination and reversal of timing differences	**(943)**	(1,421)
Taxation on profit on ordinary activities	**49,375**	94,130

The tax assessed for the year differs from the relevant rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	2012 £	2011 £
Profit on ordinary activities before tax	**178,116**	306,044
Profit on ordinary activities at the relevant rate of corporation tax in the UK of 25.5% (2011 - 28%)	**45,424**	85,692
Effect of:		
Expenses not deductible for tax purposes	**376**	1,903
Depreciation for period compared to capital allowances	**5,035**	14,025
Marginal relief	**(2,417)**	(2,370)
Rate variance	**-**	(1,791)
Adjustment in respect of previous periods	**1,907**	(970)
Profit on sale of fixed assets	**-**	(938)
Other	**(7)**	-
Current tax charge for the year	**50,318**	95,551

8 Tangible fixed assets

	Freehold land and buildings £	Leasehold property improvements £	Plant and machinery £	Motor vehicles £	Office equipment £	Total £
Cost or valuation						
At 1 July 2011	455,000	51,962	653,197	128,669	51,040	1,339,868
Additions	-	-	707	-	19,385	20,092
Disposals	-	-	-	(74,509)	(3,848)	(78,357)
At 30 June 2012	**455,000**	**51,962**	**653,904**	**54,160**	**66,577**	**1,281,603**
Depreciation						
At 1 July 2011	-	49,245	442,024	91,985	42,414	625,668
Provided for the year	14,545	1,650	44,717	15,187	9,147	85,246
Disposals	-	-	-	(65,578)	(3,848)	(69,426)
At 30 June 2012	**14,545**	**50,895**	**486,741**	**41,594**	**47,713**	**641,488**
Net book value						
At 30 June 2012	**440,455**	**1,067**	**167,163**	**12,566**	**18,864**	**640,115**
At 30 June 2011	455,000	2,717	211,173	36,684	8,626	714,200

8 Tangible fixed assets *(continued)*

The company's land and buildings were subject to a full revaluation in November 2011 by DM Hall, Chartered Surveyors on the basis of existing use.

The historical cost of land and buildings is:

	2012 £	2011 £
Cost	**302,026**	302,026
Accumulated depreciation based on historical cost	**129,210**	122,727
Historical cost net book value	**172,816**	179,299

The net book value of, and depreciation charge for the year on, tangible fixed assets includes assets held under hire purchase contracts as follows:

	2012 £	2011 £
Net book value		
Plant and machinery	**-**	24,616
Motor vehicles	**12,566**	15,742
	12,566	40,358
Depreciation charged		
Plant and machinery	**-**	4,408
Motor vehicles	**8,374**	19,852
	8,374	24,260

9 Stocks

	2012 £	2011 £
Raw materials and consumables	**251,259**	190,287
Work in progress	**154,486**	264,355
	405,745	454,642

10 Debtors

	2012 £	2011 £
Trade debtors	**1,479,966**	1,114,087
Amounts recoverable on contracts	**283,223**	152,268
Other debtors	**60,169**	34,630
Prepayments and accrued income	**145,781**	132,105
	1,969,139	1,433,090

All amounts shown under debtors fall due for payment within one year.

11 Creditors: amounts falling due within one year

	2012 £	2011 £
Bank overdraft (secured)	**44,106**	-
Payments received on account	**135,289**	107,722
Trade creditors	**1,240,145**	978,982
Amounts owed to group undertakings	**42,757**	104,077
Corporation tax	**71,839**	96,521
Other taxation and social security	**56,211**	62,909
Obligations under hire purchase contracts	**3,822**	32,311
Other creditors	**22,950**	25,751
Accruals and deferred income	**88,828**	124,382
	1,705,947	1,532,655

The bank overdraft is secured by bond and floating charge over all of the company assets and by a standard security over the premises at 449 Clarkston Road, Glasgow and Factory Block 2, Bonnyton Industrial Estate, Kilmarnock.

Hire purchase liabilities are secured over the assets being financed.

12 Creditors: amounts falling due after more than one year

	2012 £	2011 £
Other loans	**250,000**	250,000
Obligations under hire purchase contracts	**-**	5,189
	250,000	255,189

12 Creditors: amounts falling due after more than one year *(continued)*

Maturity of debt:

	Other loans and bank overdraft 2012 £	Other loans and bank overdraft 2011 £	Hire purchase 2012 £	Hire purchase 2011 £
In one year or less, or on demand	**44,106**	-	**3,822**	32,311
In more than one year but not more than two years	**250,000**	250,000	-	5,189

Hire purchase liabilities are secured over the assets being financed.

Other loans are unsecured with no fixed repayment date but cannot be repaid before August 2013.

13 Provisions for liabilities

	Deferred taxation £
At 1 July 2011	27,229
Utilised in year	(943)
At 30 June 2012	**26,286**

Deferred taxation

	2012 £	2011 £
Accelerated capital allowances	**26,345**	27,301
Short term timing differences	**(59)**	(72)
	26,286	27,229

14 Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge amounted to £12,523 (2011 - £13,679). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

15 Share capital

	2012 £	2011 £
Allotted, called up and fully paid		
6,000 Ordinary shares of £1 each	**6,000**	6,000

16 Reserves

	Revaluation reserve £	Profit and loss account £
At 1 July 2011	275,701	622,469
Profit for the year	-	128,741
Revaluation reserve release	(8,062)	8,062
At 30 June 2012	**267,639**	**759,272**

17 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2012 £	Land and buildings 2011 £
Operating leases which expire:		
Within one year	**59,748**	59,265

18 Related party disclosures

Controlling parties

The company is a wholly owned subsidiary of Ayrshire Aluminium Co. Limited.

The directors regard Ayrshire Aluminium Co. Limited, a company registered in Scotland, as the company's ultimate parent company.

The directors consider M S Yarlett to be in ultimate control of the company.

Related party transactions and balances

	Purchases from related parties £	Amounts owed by related parties £	Amounts owed to related parties £
Related party			
2012			
Yorkshire Window Co Limited	58,018	-	262,640
Ayrshire Aluminium Co Limited	150,000	-	42,757
M S Yarlett	-	-	69,801
A J Crabb	-	-	34,380
2011			
Yorkshire Window Co Limited	77,945	-	264,768
Ayrshire Aluminium Co Limited	230,000	-	104,077
M S Yarlett	-	-	70,752
A J Crabb	-	-	34,848

Yorkshire Window Co. Limited is controlled by MS Yarlett who is a director in Scotia Double Glazing Limited.

All purchases from Ayrshire Aluminium Co. Limited relate to the provision of management services.

Other loan interest of £15,000 (2011 - £14,000) has been charged during the year in respect of the £250,000 loan from related parties (2011 - £250,000) and is reflected in the balances shown above.