

JOHN GORDON & SON LIMITED
ABBREVIATED ACCOUNTS
FOR
30 JUNE 2011



RITSONS
Chartered Accountants & Statutory Auditor
103 High Street
ELGIN
Moray
IV30 1EB

JOHN GORDON & SON LIMITED

ABBREVIATED ACCOUNTS

YEAR ENDED 30 JUNE 2011

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JOHN GORDON & SON LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

R D Gordon (Chairman)
E A G Gordon
R M Gordon (Joint Managing Director)
P S Gordon (Joint Managing Director)
A M Blanchfield
A McAra
P A G Mackenzie

Registered office

Balblair Road
NAIRN
IV12 5LY

Auditor

Ritsons
Chartered Accountants
& Statutory Auditor
103 High Street
ELGIN
Moray
IV30 1EB

JOHN GORDON & SON LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 30 JUNE 2011

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 30 June 2011.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company's principal activity during the year continued to be the felling, milling and marketing of British timber.

CHAIRMAN'S STATEMENT

I am very pleased to report turnover up over 20% and record pre-tax profits up over 50% on last year. These very positive results have been achieved through continued focus on our costs, yields and productivity, in addition to customer service.

The Company's £1m kilning and biomass boiler facility has been installed and is now successfully operational. This significant investment puts us abreast of the competition in the kiln drying of British softwood.

I wish to record my thanks to longstanding Board members Michael Crowther and Ewen Brodie, who retired this year. Their contribution to John Gordon & Son over many years is greatly appreciated by the Board and Family.

There remains uncertainty in the UK market, however, I am confident that with the ongoing support of our motivated workforce, we will continue to perform strongly.

BUSINESS REVIEW

There have not been any significant changes in the company's principal activities during the year under review. 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. The company continues to serve the timber industry.

The key performance indicators are those that communicate the financial performance and strength of the company. The trading conditions improved during the year compared to the previous year. The net profit before tax has moved from £1,113,074 to £1,733,498.

EXPORTS

Exports during the year amounted to £1,036,453 (2010 - £820,315).

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £1,258,428. Particulars of dividends paid and proposed are detailed in note 8 to the financial statements.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management objectives and policies of the company include minimising exposure to all risks and mitigating these risks where possible. There is a robust system in place to ensure the risks are insignificant. Financial instruments are not used by the company as it is considered that the systems the company has in place are adequate to alleviate the exposure to price risk, credit risk, liquidity risk and cash flow risk.

THE DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

JOHN GORDON & SON LIMITED**THE DIRECTORS' REPORT** *(continued)***YEAR ENDED 30 JUNE 2011**

	Ordinary Shares of £1 each	
	At	At
	30 June 2011	1 July 2010
R D Gordon (Chairman)	154,782	154,782
E A G Gordon	-	-
R M Gordon (Joint Managing Director)	179,757	179,757
P S Gordon (Joint Managing Director)	179,757	179,757
A M Blanchfield	102,366	102,366
A McAra	-	-
P A G Mackenzie	-	-

E J Brodie retired as a director on 27 May 2011.

J M Crowther retired as a director on 27 May 2011.

FIXED ASSETS

Information relating to changes in fixed assets is given in note 10 to the financial statements. The market value of interests in buildings held as fixed assets at the date of the financial statements was not less than their current carrying value and therefore, in accordance with Financial Reporting Standard 15, no depreciation has been charged as it is not material.

ENVIRONMENTAL POLICY

The roundwood used in the company's sawmilling operation is derived from sustainable forests. The company is a Forest Stewardship Council (FSC) certified company and is committed to minimising the impact of its operations on the environment.

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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

JOHN GORDON & SON LIMITED**THE DIRECTORS' REPORT** *(continued)***YEAR ENDED 30 JUNE 2011**

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.

In so far as the directors are aware:

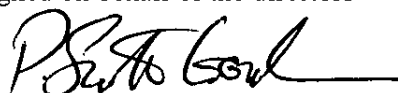
- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITOR

Ritsons are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Registered office:
Balblair Road
NAIRN
IV12 5LY

Signed on behalf of the directors



P S GORDON
JOINT MANAGING DIRECTOR

Approved by the directors on 24/8/11

JOHN GORDON & SON LIMITED**INDEPENDENT AUDITOR'S REPORT TO JOHN GORDON & SON LIMITED****UNDER SECTION 449 OF THE COMPANIES ACT 2006**

We have examined the abbreviated accounts which comprise the Profit and Loss Account, Balance Sheet, Cash Flow Statement and the related notes, together with the financial statements of John Gordon & Son Limited for the year ended 30 June 2011 prepared under Section 396 of the Companies Act 2006.

This report is made solely to the company, in accordance with Section 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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 for our work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

The directors are responsible for preparing the abbreviated accounts in accordance with Section 445 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

BASIS OF OPINION

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 445(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the regulations made under that section.

103 High Street
ELGIN
Moray
IV30 1EB

DEBORAH NEWTON (Senior Statutory
Auditor)
For and on behalf of
RITSONS
Chartered Accountants
& Statutory Auditor

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JOHN GORDON & SON LIMITED
ABBREVIATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 JUNE 2011

	Note	2011 £	2010 £
TURNOVER		15,713,196	12,835,194
Cost of Sales and Other operating income		11,758,310	9,698,942
Distribution Costs		1,416,266	1,339,865
Administrative expenses		767,962	618,557
OPERATING PROFIT	2	1,770,658	1,177,830
Interest receivable	5	1	1
Interest payable and similar charges	6	(37,161)	(64,757)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,733,498	1,113,074
Tax on profit on ordinary activities	7	475,070	357,613
PROFIT FOR THE FINANCIAL YEAR		1,258,428	755,461

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

JOHN GORDON & SON LIMITED**ABBREVIATED BALANCE SHEET****30 JUNE 2011**

	Note	2011 £	2010 £
FIXED ASSETS			
Tangible assets	9	5,353,269	4,571,122
Investments	10	1,500	1,500
		<u>5,354,769</u>	<u>4,572,622</u>
CURRENT ASSETS			
Stocks	11	909,876	705,222
Debtors	12	3,858,224	3,414,073
Cash at bank and in hand		721,056	872,483
		<u>5,489,156</u>	<u>4,991,778</u>
CREDITORS: Amounts falling due within one year	13	<u>3,776,597</u>	<u>3,426,588</u>
NET CURRENT ASSETS		<u>1,712,559</u>	<u>1,565,190</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>7,067,328</u>	<u>6,137,812</u>
CREDITORS: Amounts falling due after more than one year	14	93,727	348,101
PROVISIONS FOR LIABILITIES			
Deferred taxation	17	382,970	367,470
Government grants	18	370,341	172,541
		<u>6,220,290</u>	<u>5,249,700</u>
CAPITAL AND RESERVES			
Called-up equity share capital	21	616,662	616,662
Other reserves	22	2,645	2,645
Profit and loss account	23	5,600,983	4,630,393
SHAREHOLDERS' FUNDS	24	<u>6,220,290</u>	<u>5,249,700</u>

These abbreviated financial statements have been prepared in accordance with the special provisions for medium-sized companies under section 445(3) of the Companies Act 2006.

24/06/11 These abbreviated accounts were approved by the directors and authorised for issue on and are signed on their behalf by:



R M GORDON (JOINT MANAGING DIRECTOR)

Company Registration Number: SC093530

JOHN GORDON & SON LIMITED**CASH FLOW STATEMENT****YEAR ENDED 30 JUNE 2011**

	2011	2010
	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	1,957,498	1,845,897
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	1	1
Interest paid	(7,968)	(16,419)
Interest element of hire purchase and finance lease	<u>(29,193)</u>	<u>(48,338)</u>
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(37,160)	(64,756)
TAXATION	(329,466)	(134,521)
CAPITAL EXPENDITURE		
Payments to acquire tangible fixed assets	(1,400,486)	(333,665)
Receipts from sale of fixed assets	<u>44,845</u>	<u>7,850</u>
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	(1,355,641)	(325,815)
EQUITY DIVIDENDS PAID	(208,199)	(50,600)
CASH INFLOW BEFORE FINANCING	27,032	1,270,205
FINANCING		
Net (outflow)/inflow from other short-term creditors	(48,103)	8,276
Directors loan account	(62,000)	(10,500)
Capital element of hire purchase and finance lease	(244,974)	(353,362)
Net outflow from other long-term creditors	(54,757)	(102,859)
New grants received	<u>231,375</u>	<u>—</u>
NET CASH OUTFLOW FROM FINANCING	(178,459)	(458,445)
(DECREASE)/INCREASE IN CASH	<u>(151,427)</u>	<u>811,760</u>

The notes on pages 11 to 22 form part of these abbreviated accounts.

JOHN GORDON & SON LIMITED**CASH FLOW STATEMENT****YEAR ENDED 30 JUNE 2011****RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2011 £	2010 £
Operating profit	1,770,658	1,177,830
Depreciation	576,185	566,086
(Profit)/Loss on disposal of fixed assets	(2,691)	2,879
Amortisation of government grants	(33,575)	(29,245)
(Increase)/decrease in stocks	(204,654)	77,123
Increase in debtors	(444,151)	(709,287)
Increase in creditors	295,726	760,511
Net cash inflow from operating activities	<u>1,957,498</u>	<u>1,845,897</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2011 £	2010 £
(Decrease)/increase in cash in the period	(151,427)	811,760
Net outflow from/(inflow) from other short-term creditors	48,103	(8,276)
Directors loan account	62,000	10,500
Cash outflow in respect of hire purchase and finance lease	244,974	353,362
Net cash outflow from other long-term creditors	<u>54,757</u>	<u>102,859</u>
	258,407	1,270,205
Change in net funds	258,407	1,270,205
Net funds at 1 July 2010	114,548	(1,155,657)
Net funds at 30 June 2011	<u>372,955</u>	<u>114,548</u>

JOHN GORDON & SON LIMITED**CASH FLOW STATEMENT****YEAR ENDED 30 JUNE 2011****ANALYSIS OF CHANGES IN NET FUNDS**

	At 1 Jul 2010 £	Cash flows £	At 30 Jun 2011 £
Net cash:			
Cash in hand and at bank	<u>872,483</u>	<u>(151,427)</u>	<u>721,056</u>
Debt:			
Debt due within 1 year	(164,860)	110,103	(54,757)
Debt due after 1 year	(54,757)	54,757	-
Hire purchase and finance lease agreements	<u>(538,318)</u>	<u>244,974</u>	<u>(293,344)</u>
	<u>(757,935)</u>	<u>409,834</u>	<u>(348,101)</u>
Net funds	<u>114,548</u>	<u>258,407</u>	<u>372,955</u>

The notes on pages 11 to 22 form part of these abbreviated accounts.

JOHN GORDON & SON LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS****YEAR ENDED 30 JUNE 2011****1. ACCOUNTING POLICIES****Basis of accounting**

The financial statements have been prepared under the historical cost convention.

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).

No material uncertainties that cast significant doubt about the ability of the company to continue as a going concern have been identified by the directors.

The directors have reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & Machinery	- 15% reducing balance
Motor Vehicles	- 25% reducing balance
Computer Equipment	- 20% reducing balance

The directors are of the opinion that the current value of the buildings is at least equal to the current carrying value and therefore, in accordance with Financial Reporting Standard 15, no depreciation has been charged as it is not material.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account in proportion to the reducing capital element outstanding.

JOHN GORDON & SON LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS****YEAR ENDED 30 JUNE 2011****1. ACCOUNTING POLICIES** *(continued)***Finance lease agreements**

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are treated as consisting of capital and interest elements. The capital element is applied in order to reduce outstanding obligations for future instalments, and the interest element is charged to the profit and loss account in proportion to the reducing capital element outstanding.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for employees. The annual contributions payable are charged to the profit and loss account as they become payable under the scheme's rules.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

JOHN GORDON & SON LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS****YEAR ENDED 30 JUNE 2011****1. ACCOUNTING POLICIES** *(continued)***Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Investments

Investments are included at cost.

Deferred government grants

Deferred government grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate.

2. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2011 £	2010 £
Amortisation of government grants	(33,575)	(29,245)
Depreciation of owned fixed assets	457,230	426,139
Depreciation of assets held under hire purchase and finance lease agreements	118,955	139,947
Loss on disposal of fixed assets	—	2,879
Profit on disposal of fixed assets	(2,691)	—
Auditor's remuneration		
- as auditor	<u>6,500</u>	<u>6,000</u>

JOHN GORDON & SON LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS****YEAR ENDED 30 JUNE 2011****3. PARTICULARS OF EMPLOYEES**

The average number of staff employed by the company during the financial year amounted to:

	2011	2010
	No	No
Number of production staff	57	55
Number of management and administration staff	17	17
	<u>74</u>	<u>72</u>

The aggregate payroll costs of the above were:

	2011	2010
	£	£
Wages and salaries	2,049,228	2,221,118
Social security costs	205,794	175,699
Other pension costs	139,336	112,098
	<u>2,394,358</u>	<u>2,508,915</u>

Included in wages and salaries in 2010 was £394,938 of agency wages. These are not included in the average number of employees.

The company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. Contributions outstanding at the year end amounted to £3,790 (2010 - £4,039) and are included within other creditors.

4. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were:

	2011	2010
	£	£
Remuneration receivable	254,486	251,980
Value of company pension contributions to money purchase schemes	105,711	75,602
	<u>360,197</u>	<u>327,582</u>

Remuneration of highest paid director:

	2011	2010
	£	£
Total remuneration (excluding pension contributions)	99,800	94,989
Value of company pension contributions to money purchase schemes	51,500	34,000
	<u>151,300</u>	<u>128,989</u>

JOHN GORDON & SON LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 30 JUNE 2011

4. DIRECTORS' REMUNERATION *(continued)*

The number of directors who accrued benefits under company pension schemes was as follows:

	2011	2010
	No	No
Money purchase schemes	<u>3</u>	<u>3</u>

5. INTEREST RECEIVABLE

	2011	2010
	£	£
Bank interest receivable	<u>1</u>	<u>1</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2011	2010
	£	£
Finance charges	29,193	48,338
Other similar charges payable	7,968	16,419
	<u>37,161</u>	<u>64,757</u>

7. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2011	2010
	£	£
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 27.50% (2010 - 28%)	459,570	329,466
Total current tax	459,570	329,466
Deferred tax:		
Origination and reversal of timing differences (note 17)		
Capital allowances	15,500	(20,403)
Effect of changed tax rate on opening balance	-	48,550
Total deferred tax (note 17)	15,500	28,147
Tax on profit on ordinary activities	<u>475,070</u>	<u>357,613</u>

JOHN GORDON & SON LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS****YEAR ENDED 30 JUNE 2011****7. TAXATION ON ORDINARY ACTIVITIES** *(continued)***(b) Factors affecting current tax charge**

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 27.50% (2010 - 28%).

	2011 £	2010 £
Profit on ordinary activities before taxation	<u>1,733,498</u>	<u>1,113,074</u>
Profit on ordinary activities by rate of tax	476,734	311,661
Depreciation in excess of capital allowances	5,343	29,206
Disallowable expenses	(13,597)	4,977
Marginal rate tax relief	-	(5,326)
Amortisation of Government Grants	(9,233)	(8,189)
Bad debts written off	323	(2,863)
Total current tax (note 7(a))	<u>459,570</u>	<u>329,466</u>

8. DIVIDENDS**Equity dividends**

	2011 £	2010 £
Dividends paid and payable		
Equity dividends on ordinary shares re current year	<u>87,838</u>	<u>70,699</u>
Dividends proposed		
Equity dividends on ordinary shares re current year	<u>200,000</u>	<u>130,000</u>

JOHN GORDON & SON LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS****YEAR ENDED 30 JUNE 2011****9. TANGIBLE FIXED ASSETS**

	Heritable Property	Plant & Equipment	Motor Vehicles	Total
	£	£	£	£
COST				
At 1 July 2010	1,219,630	10,679,371	194,519	12,093,520
Additions	–	1,302,369	98,117	1,400,486
Disposals	–	(474,477)	(102,118)	(576,595)
At 30 June 2011	<u>1,219,630</u>	<u>11,507,263</u>	<u>190,518</u>	<u>12,917,411</u>
DEPRECIATION				
At 1 July 2010	–	7,388,073	134,325	7,522,398
Charge for the year	–	545,261	30,924	576,185
On disposals	–	(448,555)	(85,886)	(534,441)
At 30 June 2011	<u>–</u>	<u>7,484,779</u>	<u>79,363</u>	<u>7,564,142</u>
NET BOOK VALUE				
At 30 June 2011	<u>1,219,630</u>	<u>4,022,484</u>	<u>111,155</u>	<u>5,353,269</u>
At 30 June 2010	<u>1,219,630</u>	<u>3,291,298</u>	<u>60,194</u>	<u>4,571,122</u>

Hire purchase and finance lease agreements

Included within the net book value of £5,353,269 is £382,663 (2010 - £450,192) relating to assets held under hire purchase agreements, and £291,415 (2010 - £342,841) relating to assets held under finance lease agreements. The depreciation charged in the year in respect of assets held under hire purchase agreements amounted to £67,529 (2010 - £79,446), and £51,426 (2010 - £60,501) in respect of assets held under finance lease agreements.

10. INVESTMENTS

	Unquoted Investment £
COST	
At 1 July 2010 and 30 June 2011	<u>1,500</u>
NET BOOK VALUE	
At 30 June 2011 and 30 June 2010	<u>1,500</u>

JOHN GORDON & SON LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS****YEAR ENDED 30 JUNE 2011****11. STOCKS**

	2011 £	2010 £
Raw materials	214,651	238,423
Finished goods	695,225	466,799
	<u>909,876</u>	<u>705,222</u>

12. DEBTORS

	2011 £	2010 £
Trade debtors	3,697,054	3,210,502
Other debtors	318	1,555
Prepayments and accrued income	160,852	202,016
	<u>3,858,224</u>	<u>3,414,073</u>

13. CREDITORS: Amounts falling due within one year

	2011 £	2010 £
Directors loan account	—	62,000
Trade creditors	2,175,324	1,999,634
Other creditors including taxation and social security:		
Corporation tax	459,570	329,466
PAYE and social security	55,876	52,858
VAT	269,479	212,868
Hire purchase and finance lease agreements	199,617	244,974
Dividends payable	229,738	150,099
Other creditors	38,209	37,013
Other loans	54,757	102,860
	<u>1,307,246</u>	<u>1,130,138</u>
Accruals and deferred income	294,027	234,816
	<u>3,776,597</u>	<u>3,426,588</u>

Other loans represent a loan from the Executive Pension Scheme which is repayable by quarterly instalments of £28,252. Interest is charged on a quarterly basis.

Obligations under hire purchase and finance leases are secured on the assets concerned.

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2011 £	2010 £
Other loans	<u>54,757</u>	<u>102,860</u>

JOHN GORDON & SON LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS****YEAR ENDED 30 JUNE 2011****14. CREDITORS: Amounts falling due after more than one year**

	2011 £		2010 £
Other creditors:			
Hire purchase and finance lease agreements	93,727	293,344	
Other loans	—	54,757	
	<u>93,727</u>		<u>348,101</u>

Obligations under hire purchase and finance leases are secured on the assets concerned.

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	2011 £	2010 £
Other loans	—	54,757

Securities granted

The bank overdraft, as and when required, is secured by a bond and floating charge over all the assets of the company.

The pension loan is secured by a floating charge over specific assets of the company.

15. CREDITORS - LOAN ANALYSIS

Creditors include loans which are due for repayment as follows:

	2011 £	2010 £
Amounts repayable:		
In one year or less or on demand	54,757	164,860
In more than two years but not more than five years	—	54,757
	<u>54,757</u>	<u>219,617</u>

16. COMMITMENTS UNDER HIRE PURCHASE AND FINANCE LEASE AGREEMENTS

Future commitments under hire purchase and finance lease agreements are as follows:

	2011 £	2010 £
Amounts payable within 1 year	199,617	244,974
Amounts payable between 1 and 2 years	67,672	199,618
Amounts payable between 3 and 5 years	26,055	93,726
	<u>293,344</u>	<u>538,318</u>

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17. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was:

	2011 £	2010 £
Provision brought forward	367,470	339,323
Profit and loss account movement arising during the year	<u>15,500</u>	<u>28,147</u>
Provision carried forward	<u>382,970</u>	<u>367,470</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2011 £	2010 £
Excess of taxation allowances over depreciation on fixed assets	<u>382,970</u>	<u>367,470</u>
	<u>382,970</u>	<u>367,470</u>

18. GOVERNMENT GRANTS

	2011 £	2010 £
Received and receivable:		
At 1 July 2010	445,008	445,008
Receivable during year	<u>231,375</u>	<u>-</u>
At 30 June 2011	<u>676,383</u>	<u>445,008</u>
Amortisation:		
At 1 July 2010	272,467	243,222
Credit to profit and loss account	<u>33,575</u>	<u>29,245</u>
At 30 June 2011	<u>306,042</u>	<u>272,467</u>
Net balance at 30 June 2011	<u>370,341</u>	<u>172,541</u>

19. COMMITMENTS UNDER OPERATING LEASES

At 30 June 2011 the company had annual commitments under non-cancellable operating leases as set out below.

	Land and buildings 2011 £	2010 £
Operating leases which expire:		
Within 2 to 5 years	<u>8,775</u>	<u>-</u>

JOHN GORDON & SON LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS****YEAR ENDED 30 JUNE 2011****20. RELATED PARTY TRANSACTIONS**

The company was under the control of the directors throughout the year. The related parties are the directors.

As disclosed in note 14, the directors' pension scheme has a loan to the company. During the year interest of £7,968 (2010 - £16,419) was paid to the pension scheme. At the end of the year £54,757 (2010 - £157,617) was due to the pension scheme.

During the year the company purchased £14,194 of goods from R D Gordon, director, this amount was still outstanding at the year end.

During the year the company purchased £14,194 of goods from A M Blanchfield, director, this amount was still outstanding at the year end.

During the year the company purchased £28,390 of goods from P S Gordon, director, this amount was still outstanding at the year end.

During the year the company purchased £217,826 of goods from Lethen Estate, a company in which E J Brodie, former director has a participating interest. At the year end the company owed Lethen Estate £45,520, which is included in creditors.

The above transactions were carried out on an arms length basis.

21. SHARE CAPITAL**Authorised share capital:**

	2011 £	2010 £
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

Allotted, called up and fully paid:

	2011 No	£	2010 No	£
616,662 Ordinary shares of £1 each	<u>616,662</u>	<u>616,662</u>	<u>616,662</u>	<u>616,662</u>

22. OTHER RESERVES

	2011 £	2010 £
Capital reserve	<u>2,645</u>	<u>2,645</u>

23. PROFIT AND LOSS ACCOUNT

	2011 £	2010 £
Balance brought forward	4,630,393	4,075,631
Profit for the financial year	1,258,428	755,461
Equity dividends	(287,838)	(200,699)
Balance carried forward	<u>5,600,983</u>	<u>4,630,393</u>

JOHN GORDON & SON LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS****YEAR ENDED 30 JUNE 2011****24. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2011 £	2010 £
Profit for the financial year	1,258,428	755,461
Equity dividends	<u>(287,838)</u>	<u>(200,699)</u>
Net addition to shareholders' funds	970,590	554,762
Opening shareholders' funds	<u>5,249,700</u>	<u>4,694,938</u>
Closing shareholders' funds	<u><u>6,220,290</u></u>	<u><u>5,249,700</u></u>

25. CAPITAL COMMITMENTS

Amounts contracted for but not provided in the financial statements amounted to £191,039 (2010 - £Nil).