

COMPANY REGISTRATION NUMBER SC093530

JOHN GORDON & SON LIMITED
ABBREVIATED ACCOUNTS
FOR
30 JUNE 2012



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

JOHN GORDON & SON LIMITED

ABBREVIATED ACCOUNTS

YEAR ENDED 30 JUNE 2012

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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 2012

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 30 June 2012.

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

In this our 150th year of trading, I'm pleased to report another very satisfactory result , against the backdrop of continuing economic difficulty and uncertainty in the UK. The result achieved is testimony to the hard work and contribution made by the whole team at Gordons .

The Company's investment program continues apace , with the construction phase of our new scanning and sorting facility being well underway by the financial year end.

I also wish to record my thanks to longstanding Company Accountant David Gibb , who retired this year. David's contribution for over a quarter of a century is greatly appreciated by both the Board and family.

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 net profit has moved from £1,733,498 to £906,716.

EXPORTS

Exports during the year amounted to £1,237,442 (2011 - £1,036,453).

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £688,605. 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.

JOHN GORDON & SON LIMITED**THE DIRECTORS' REPORT** *(continued)***YEAR ENDED 30 JUNE 2012****DIRECTORS**

The directors who served the company during the year were as follows:

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

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 year.

In preparing those 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.

JOHN GORDON & SON LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 JUNE 2012

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 28/8/12

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 2012 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.

DEBORAH NEWTON (Senior Statutory Auditor)

For and on behalf of

RITSONS

Chartered Accountants

& Statutory Auditor

103 High Street

ELGIN

Moray

IV30 1EB

28 August '12

JOHN GORDON & SON LIMITED
ABBREVIATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 JUNE 2012

	Note	2012 £	2011 £
TURNOVER		16,422,554	15,713,196
Cost of Sales and Other operating income		13,152,743	11,758,310
Distribution Costs		1,621,817	1,416,266
Administrative expenses		728,617	767,962
OPERATING PROFIT	2	919,377	1,770,658
Interest receivable	5	20	1
Interest payable and similar charges	6	(12,681)	(37,161)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		906,716	1,733,498
Tax on profit on ordinary activities	7	218,111	475,070
PROFIT FOR THE FINANCIAL YEAR		688,605	1,258,428

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 2012**

	Note	2012 £	2011 £
FIXED ASSETS			
Tangible assets	9	6,514,386	5,353,269
Investments	10	1,500	1,500
		<u>6,515,886</u>	<u>5,354,769</u>
CURRENT ASSETS			
Stocks	11	1,053,517	909,876
Debtors	12	3,922,150	3,858,224
Cash at bank and in hand		239,686	721,056
		<u>5,215,353</u>	<u>5,489,156</u>
CREDITORS: Amounts falling due within one year	13	<u>4,218,044</u>	<u>3,776,597</u>
NET CURRENT ASSETS		<u>997,309</u>	<u>1,712,559</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>7,513,195</u>	<u>7,067,328</u>
CREDITORS: Amounts falling due after more than one year	14	25,965	93,727
PROVISIONS FOR LIABILITIES			
Deferred taxation	17	430,969	382,970
Government grants	18	345,565	370,341
		<u>6,710,696</u>	<u>6,220,290</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	6,091,389	5,600,983
SHAREHOLDERS' FUNDS	24	<u>6,710,696</u>	<u>6,220,290</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.

These abbreviated accounts were approved by the directors and authorised for issue on 28/06/12, 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 2012**

	2012	2011
	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	2,288,211	1,957,498
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	20	1
Interest paid	(779)	(7,968)
Interest element of hire purchase and finance lease	<u>(11,902)</u>	<u>(29,193)</u>
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(12,661)	(37,160)
TAXATION	(459,570)	(329,466)
CAPITAL EXPENDITURE		
Payments to acquire tangible fixed assets	(1,796,908)	(1,400,486)
Receipts from sale of fixed assets	<u>3,750</u>	<u>44,845</u>
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	(1,793,158)	(1,355,641)
EQUITY DIVIDENDS PAID	(287,838)	(208,199)
CASH (OUTFLOW)/INFLOW BEFORE FINANCING	(265,016)	27,032
FINANCING		
Net outflow from other short-term creditors	(54,757)	(48,103)
Directors loan account	—	(62,000)
Capital element of hire purchase and finance lease	(199,708)	(244,974)
Net outflow from other long-term creditors	—	(54,757)
New grants received	<u>35,097</u>	<u>231,375</u>
NET CASH OUTFLOW FROM FINANCING	(219,368)	(178,459)
DECREASE IN CASH	<u>(484,384)</u>	<u>(151,427)</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 2012****RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2012	2011
	£	£
Operating profit	919,377	1,770,658
Depreciation	635,791	576,185
Profit on disposal of fixed assets	(3,750)	(2,691)
Amortisation of government grants	(59,873)	(33,575)
Increase in stocks	(143,641)	(204,654)
Increase in debtors	(63,926)	(444,151)
Increase in creditors	1,004,233	295,726
Net cash inflow from operating activities	<u>2,288,211</u>	<u>1,957,498</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2012	2011
	£	£
Decrease in cash in the period	(484,384)	(151,427)
Net outflow from other short-term creditors	54,757	48,103
Directors loan account	—	62,000
Cash outflow in respect of hire purchase and finance lease	199,708	244,974
Net cash outflow from other long-term creditors	—	54,757
	<u>(229,919)</u>	<u>258,407</u>
Change in net funds	<u>(229,919)</u>	<u>258,407</u>
Net funds at 1 July 2011	372,955	114,548
Net funds at 30 June 2012	<u>143,036</u>	<u>372,955</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 2012****ANALYSIS OF CHANGES IN NET FUNDS**

	At 1 Jul 2011 £	Cash flows £	At 30 Jun 2012 £
Net cash:			
Cash in hand and at bank	721,056	(481,370)	239,686
Overdrafts	—	(3,014)	(3,014)
	<u>721,056</u>	<u>(484,384)</u>	<u>236,672</u>
Debt:			
Debt due within 1 year	(54,757)	54,757	—
Hire purchase and finance lease agreements	(293,344)	199,708	(93,636)
	<u>(348,101)</u>	<u>254,465</u>	<u>(93,636)</u>
Net funds	<u>372,955</u>	<u>(229,919)</u>	<u>143,036</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 2012****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 2012

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 2012****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):

	2012	2011
	£	£
Amortisation of government grants	(59,873)	(33,575)
Depreciation of owned fixed assets	605,302	457,230
Depreciation of assets held under hire purchase and finance lease agreements	30,489	118,955
Profit on disposal of fixed assets	(3,750)	(2,691)
Auditor's remuneration		
- as auditor	6,500	6,500
Net loss on foreign currency translation	<u>2,062</u>	<u>-</u>

JOHN GORDON & SON LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS****YEAR ENDED 30 JUNE 2012****3. PARTICULARS OF EMPLOYEES**

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

	2012	2011
	No	No
Number of production staff	65	57
Number of management and administration staff	17	17
	<u>82</u>	<u>74</u>

The aggregate payroll costs of the above were:

	2012	2011
	£	£
Wages and salaries	2,241,099	2,049,228
Social security costs	227,935	205,794
Other pension costs	84,364	139,336
	<u>2,553,398</u>	<u>2,394,358</u>

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 £3,370 (2011 - £3,790) and are included within other creditors.

4. DIRECTORS' REMUNERATION

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

	2012	2011
	£	£
Remuneration receivable	253,636	254,486
Value of company pension contributions to money purchase schemes	51,858	105,711
	<u>305,494</u>	<u>360,197</u>

Remuneration of highest paid director:

	2012	2011
	£	£
Total remuneration (excluding pension contributions)	89,825	99,800
Value of company pension contributions to money purchase schemes	25,000	51,500
	<u>114,825</u>	<u>151,300</u>

JOHN GORDON & SON LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 30 JUNE 2012

4. DIRECTORS' REMUNERATION *(continued)*

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

	2012	2011
	No	No
Money purchase schemes	<u>3</u>	<u>3</u>

5. INTEREST RECEIVABLE

	2012	2011
	£	£
Bank interest receivable	1	1
Other interest	<u>19</u>	<u>-</u>
	<u>20</u>	<u>1</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2012	2011
	£	£
Interest payable on bank borrowing	14	-
Finance charges	11,902	29,193
Other similar charges payable	<u>765</u>	<u>7,968</u>
	<u>12,681</u>	<u>37,161</u>

7. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2012	2011
	£	£
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 26% (2011 - 27.50%)	170,112	459,570
Total current tax	<u>170,112</u>	<u>459,570</u>
Deferred tax:		
Origination and reversal of timing differences (note 17)		
Capital allowances	<u>47,999</u>	<u>15,500</u>
Tax on profit on ordinary activities	<u>218,111</u>	<u>475,070</u>

JOHN GORDON & SON LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS****YEAR ENDED 30 JUNE 2012****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 26% (2011 - 27.50%).

	2012 £	2011 £
Profit on ordinary activities before taxation	<u>906,716</u>	<u>1,733,498</u>
Profit on ordinary activities by rate of tax	235,746	476,734
Capital allowances in excess of depreciation	(35,713)	5,343
Disallowable expenses	47	(13,597)
Effect of movement in tax rate	(3,529)	-
Marginal rate tax relief	(10,872)	-
Amortisation of Government Grants	(15,567)	(9,233)
Bad debts written off	-	323
Total current tax (note 7(a))	<u>170,112</u>	<u>459,570</u>

8. DIVIDENDS**Equity dividends**

	2012 £	2011 £
Dividends paid and payable		
Equity dividends on ordinary shares re current year	<u>78,199</u>	<u>87,838</u>
Dividends proposed		
Equity dividends on ordinary shares re current year	<u>120,000</u>	<u>200,000</u>

JOHN GORDON & SON LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS****YEAR ENDED 30 JUNE 2012****9. TANGIBLE FIXED ASSETS**

	Heritable Property	Plant & Equipment	Motor Vehicles	Total
	£	£	£	£
COST				
At 1 July 2011	1,219,630	11,507,263	190,518	12,917,411
Additions	—	1,776,318	20,590	1,796,908
Disposals	—	(3,750)	—	(3,750)
At 30 June 2012	1,219,630	13,279,831	211,108	14,710,569
DEPRECIATION				
At 1 July 2011	—	7,484,779	79,363	7,564,142
Charge for the year	—	608,002	27,789	635,791
On disposals	—	(3,750)	—	(3,750)
At 30 June 2012	—	8,089,031	107,152	8,196,183
NET BOOK VALUE				
At 30 June 2012	1,219,630	5,190,800	103,956	6,514,386
At 30 June 2011	1,219,630	4,022,484	111,155	5,353,269

Hire purchase and finance lease agreements

Included within the net book value of £6,514,386 is £172,770 (2011 - £382,663) relating to assets held under hire purchase agreements, and £Nil (2011 - £291,415) 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 £30,489 (2011 - £67,529), and £Nil (2011 - £51,426) in respect of assets held under finance lease agreements.

10. INVESTMENTS

	Unquoted Investment £
COST	
At 1 July 2011 and 30 June 2012	<u>1,500</u>
NET BOOK VALUE	
At 30 June 2012 and 30 June 2011	<u>1,500</u>

JOHN GORDON & SON LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS****YEAR ENDED 30 JUNE 2012****11. STOCKS**

	2012	2011
	£	£
Raw materials	236,776	214,651
Finished goods	816,741	695,225
	<u>1,053,517</u>	<u>909,876</u>

12. DEBTORS

	2012	2011
	£	£
Trade debtors	3,843,448	3,697,054
Other debtors	—	318
Prepayments and accrued income	78,702	160,852
	<u>3,922,150</u>	<u>3,858,224</u>

13. CREDITORS: Amounts falling due within one year

	2012	2011
	£	£
Overdrafts	3,014	—
Trade creditors	3,121,094	2,175,324
Other creditors including taxation and social security:		
Corporation tax	170,112	459,570
PAYE and social security	60,500	55,876
VAT	311,554	269,479
Hire purchase and finance lease agreements	67,671	199,617
Dividends payable	140,099	229,738
Other creditors	46,993	38,209
Other loans	—	54,757
	<u>796,929</u>	<u>1,307,246</u>
Accruals and deferred income	297,007	294,027
	<u>4,218,044</u>	<u>3,776,597</u>

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

	2012	2011
	£	£
Overdrafts	3,014	—
Other loans	—	54,757
	<u>3,014</u>	<u>54,757</u>

JOHN GORDON & SON LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS****YEAR ENDED 30 JUNE 2012****14. CREDITORS: Amounts falling due after more than one year**

	2012 £	2011 £
Other creditors:		
Hire purchase and finance lease agreements	<u>25,965</u>	<u>93,727</u>

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

Securities granted

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

15. CREDITORS - LOAN ANALYSIS

Creditors include loans which are due for repayment as follows:

	2012 £	2011 £
Amounts repayable:		
In one year or less or on demand	<u>-</u>	<u>54,757</u>

16. COMMITMENTS UNDER HIRE PURCHASE AND FINANCE LEASE AGREEMENTS

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

	2012 £	2011 £
Amounts payable within 1 year	67,671	199,617
Amounts payable between 1 and 2 years	25,965	67,672
Amounts payable between 3 and 5 years	-	26,055
	<u>93,636</u>	<u>293,344</u>

17. DEFERRED TAXATION

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

	2012 £	2011 £
Provision brought forward	382,970	367,470
Profit and loss account movement arising during the year	<u>47,999</u>	<u>15,500</u>
Provision carried forward	<u>430,969</u>	<u>382,970</u>

JOHN GORDON & SON LIMITED
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17. DEFERRED TAXATION *(continued)*

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

	2012 £	2011 £
Excess of taxation allowances over depreciation on fixed assets	430,969	382,970
	<u>430,969</u>	<u>382,970</u>

18. GOVERNMENT GRANTS

	2012 £	2011 £
Received and receivable:		
At 1 July 2011	676,383	445,008
Receivable during year	35,097	231,375
At 30 June 2012	<u>711,480</u>	<u>676,383</u>
Amortisation:		
At 1 July 2011	306,042	272,467
Credit to profit and loss account	59,873	33,575
At 30 June 2012	<u>365,915</u>	<u>306,042</u>
Net balance at 30 June 2012	<u>345,565</u>	<u>370,341</u>

19. COMMITMENTS UNDER OPERATING LEASES

At 30 June 2012 the company had annual commitments under non-cancellable operating leases as set out below.

	Land and buildings	
	2012 £	2011 £
Operating leases which expire:		
Within 1 year	8,775	-
Within 2 to 5 years	-	8,775
	<u>8,775</u>	<u>8,775</u>

JOHN GORDON & SON LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS****YEAR ENDED 30 JUNE 2012****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 had a loan to the company. During the year interest of £765 (2011 - £7,968) was paid to the pension scheme. At the end of the year there was no balance due to the pension scheme (2011 - £54,757).

During the year the company purchased £16,383 (2011 - £14,194) of goods from R D Gordon, director.

During the year the company purchased £16,383 (2011 - £14,194) of goods from A M Blanchfield, director.

During the year the company purchased £32,767 (2011 - £28,390) of goods from P S Gordon, director.

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

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

	2012 £	2011 £
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

Allotted, called up and fully paid:

	2012 No	£	2011 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

	2012 £	2011 £
Capital reserve	<u>2,645</u>	<u>2,645</u>

23. PROFIT AND LOSS ACCOUNT

	2012 £	2011 £
Balance brought forward	5,600,983	4,630,393
Profit for the financial year	688,605	1,258,428
Equity dividends	(198,199)	(287,838)
Balance carried forward	<u>6,091,389</u>	<u>5,600,983</u>

JOHN GORDON & SON LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS****YEAR ENDED 30 JUNE 2012****24. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2012	2011
	£	£
Profit for the financial year	688,605	1,258,428
Equity dividends	(198,199)	(287,838)
Net addition to shareholders' funds	490,406	970,590
Opening shareholders' funds	6,220,290	5,249,700
Closing shareholders' funds	<u>6,710,696</u>	<u>6,220,290</u>

25. CAPITAL COMMITMENTS

Amounts contracted for but not provided in the financial statements amounted to £810,000 (2011 - £191,039).