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PORT SERVICES (INVERGORDON) LIMITED
REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012

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for the year ended 31 August 2012

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PORT SERVICES (INVERGORDON) LIMITED

COMPANY INFORMATION

for the year ended 31 August 2012

DIRECTORS:

L Clark
S L Clark
P J A Clark

SECRETARY:

Mrs W R Clark

REGISTERED OFFICE:

Redwood
19 Culduthel Road
Inverness
Inverness-shire
IV2 4AA

REGISTERED NUMBER:

SC098300

AUDITORS:

MacKenzie Kerr Limited
Chartered Accountants and
Statutory Auditor
Redwood
19 Culduthel Road
Inverness
IV2 4AA

BANKERS:

Clydesdale Bank plc
Longman Branch
32 Longman Road
Inverness
IV1 1RY

SOLICITORS:

Harper Macleod
Alder House
Cradlehall Business Park
Inverness
IV2 5GH

REPORT OF THE DIRECTORS
for the year ended 31 August 2012

The directors present their report with the financial statements of the company for the year ended 31 August 2012.

PRINCIPAL ACTIVITIES

The principal activities of the company in the year under review were those of logistics support services including crane hire and transport, the main activity being craneage.

REVIEW OF BUSINESS

The directors report that the year under review has been challenging and the results for the year, although disappointing, do not fully reflect the performance and position of the company.

Turnover for the year has seen a significant rise of around £2.5m, or 31%, to £10.3m. The company managed to maintain its Gross profit margins this year, in what has been a difficult economic climate, which provides encouragement for the future. Earnings before interest, taxation, depreciation and amortisation for the year was £1,834,314 compared to £1,730,690 in the previous year, a very positive increase of 6%. It is also notable that net worth has increased marginally. However, the net profit of the company has moved significantly and has resulted in a loss in the financial year.

There are a number of aspects which account for the losses during the year. In November 2011 the company acquired a business which was hoped to enhance the company's market presence. However, subsequent to the acquisition the performance of the acquired business fell significantly below expectations and this resulted in significant losses in that company's financial statements. As a result, the directors of Port Services (Invergordon) Limited took the decision to sell the acquired business, and all of its assets, subsequent to the year end on 1 February 2013. It is considered that having released the non-profit making business the company is now in a better financial position to deal with future performance and economic conditions.

As part of the consideration for the disposal of the fabrication business Port Services (Invergordon) Limited was awarded a five year exclusive crane contract by an industry leader. This award is likely to significantly enhance the results in the coming years.

As a result of the business acquisition the company entered into a number of significant financial transactions in order to re-organise the company's debt in order to release sufficient funds to complete the takeover. These transactions resulted in a cost to the company of around £1.8m. Of the £1.8m around £1.5m related to a termination fee paid to Lombard. The directors are currently disputing the amount of this termination payment. However, this dispute is at an early stage and therefore the financial statements do not reflect any potential repayment.

There are also significant legal and professional fees relating to the takeover, a large increase in interest charges as a result of the new debt acquired and increased depreciation charges arising from the significant increase in tangible fixed assets held by the company as a result of the acquisition. The directors look forward to the future with renewed confidence as the company's market share continues to grow.

DIVIDENDS

No dividends will be distributed for the year ended 31 August 2012.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 September 2011 to the date of this report.

L Clark
S L Clark
P J A Clark

Other changes in directors holding office are as follows:

A McLeod - resigned 15 November 2011

REPORT OF THE DIRECTORS
for the year ended 31 August 2012

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, MacKenzie Kerr Limited, will not be seeking re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



L Clark - Director

16 September 2013

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
PORT SERVICES (INVERGORDON) LIMITED**

We have audited the financial statements of Port Services (Invergordon) Limited for the year ended 31 August 2012 on pages five to twenty one. 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 a Report of the Auditors 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 set out on page three, 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 Report of the Directors 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 31 August 2012 and of its loss 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.

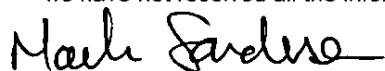
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors 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.



Mark Sanderson (Senior Statutory Auditor)
for and on behalf of MacKenzie Kerr Limited
Chartered Accountants and
Statutory Auditor
Redwood
19 Culduthel Road
Inverness
IV2 4AA

16 September 2013

PORT SERVICES (INVERGORDON) LIMITED (REGISTERED NUMBER: SC098300)**PROFIT AND LOSS ACCOUNT**
for the year ended 31 August 2012

	Notes	2012 £	2011 £
TURNOVER	2	10,315,031	7,831,924
Cost of sales		6,921,332	5,049,773
GROSS PROFIT		3,393,699	2,782,151
Administrative expenses		3,732,750	1,925,080
		(339,051)	857,071
Other operating income		(65,000)	45,681
OPERATING (LOSS)/PROFIT	4	(404,051)	902,752
Cost of fundamental reorg	5	1,873,322	-
		(2,277,373)	902,752
Interest receivable and similar income		176	751
		(2,277,197)	903,503
Interest payable and similar charges	6	650,217	155,425
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(2,927,414)	748,078
Tax on (loss)/profit on ordinary activities	7	(856,076)	216,946
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(2,071,338)	531,132

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 August 2012

	2012 £	2011 £
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	(2,071,338)	531,132
Unrealised surplus on revaluation	2,087,095	-
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u>15,757</u>	<u>531,132</u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES
for the year ended 31 August 2012

	2012 £	2011 £
REPORTED (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	(2,927,414)	748,078
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	382,595	-
HISTORICAL COST (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>(2,544,819)</u>	<u>748,078</u>
HISTORICAL COST (LOSS)/PROFIT FOR THE YEAR RETAINED AFTER TAXATION AND DIVIDENDS	<u>(1,688,743)</u>	<u>446,132</u>

PORT SERVICES (INVERGORDON) LIMITED (REGISTERED NUMBER: SC098300)

BALANCE SHEET

31 August 2012

	Notes	2012 £	2011 £
FIXED ASSETS			
Intangible assets	10	880,000	-
Tangible assets	11	12,661,434	9,546,027
Investments	12	-	148,374
		<u>13,541,434</u>	<u>9,694,401</u>
CURRENT ASSETS			
Debtors	13	6,912,907	4,676,906
Cash at bank		-	138,225
		<u>6,912,907</u>	<u>4,815,131</u>
CREDITORS			
Amounts falling due within one year	14	6,548,701	3,127,374
NET CURRENT ASSETS		<u>364,206</u>	<u>1,687,757</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>13,905,640</u>	<u>11,382,158</u>
CREDITORS			
Amounts falling due after more than one year	15	(10,005,680)	(6,641,879)
PROVISIONS FOR LIABILITIES	19	-	(856,076)
NET ASSETS		<u><u>3,899,960</u></u>	<u><u>3,884,203</u></u>
CAPITAL AND RESERVES			
Called up share capital	20	1,000	1,000
Revaluation reserve	21	2,087,095	-
Profit and loss account	21	1,811,865	3,883,203
SHAREHOLDERS' FUNDS	26	<u><u>3,899,960</u></u>	<u><u>3,884,203</u></u>

The financial statements were approved by the Board of Directors on 16 September 2013 and were signed on its behalf by:



L Clark - Director

The notes form part of these financial statements

CASH FLOW STATEMENT
 for the year ended 31 August 2012

	Notes	2012 £	2011 £
Net cash inflow from operating activities	1	1,802,450	1,210,303
Returns on investments and servicing of finance	2	(650,041)	(154,674)
Taxation		(16,403)	(230,182)
Capital expenditure and financial investment	2	(3,932,388)	(2,616,047)
Equity dividends paid		-	(85,000)
		<u>(2,796,382)</u>	<u>(1,875,600)</u>
Financing	2	905,579	1,383,624
Decrease in cash in the period		<u><u>(1,890,803)</u></u>	<u><u>(491,976)</u></u>

Reconciliation of net cash flow to movement in net debt

	3		
Decrease in cash in the period		(1,890,803)	(491,976)
Cash inflow from increase in debt and lease financing		<u>(2,920,067)</u>	<u>(1,981,962)</u>
Change in net debt resulting from cash flows		<u>(4,810,870)</u>	<u>(2,473,938)</u>
Movement in net debt in the period		<u>(4,810,870)</u>	<u>(2,473,938)</u>
Net debt at 1 September		<u>(8,601,581)</u>	<u>(6,127,643)</u>
Net debt at 31 August		<u><u>(13,412,451)</u></u>	<u><u>(8,601,581)</u></u>

NOTES TO THE CASH FLOW STATEMENT
for the year ended 31 August 2012

1. RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2012 £	2011 £
Operating (loss)/profit	(404,051)	902,752
Depreciation charges	1,989,446	1,391,931
Profit on disposal of fixed assets	(36,997)	(574,317)
Amortisation of goodwill	220,000	-
Increase in debtors	(753,746)	(496,150)
Increase/(decrease) in creditors	787,798	(13,913)
Net cash inflow from operating activities	1,802,450	1,210,303

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2012 £	2011 £
Returns on investments and servicing of finance		
Interest received	176	751
Interest paid	(181,923)	(2,682)
Interest element of hire purchase and finance lease rental payments	(468,294)	(152,743)
Net cash outflow for returns on investments and servicing of finance	(650,041)	(154,674)
Capital expenditure and financial investment		
Purchase of intangible fixed assets	(1,100,000)	-
Purchase of tangible fixed assets	(3,017,759)	(3,933,587)
Sale of tangible fixed assets	-	1,317,540
Sale of fixed asset investments	185,371	-
Net cash outflow for capital expenditure and financial investment	(3,932,388)	(2,616,047)
Financing		
New loans in year	13,251,691	3,946,083
Loan repayments in year	(455,558)	-
Capital repayments in year	(9,876,066)	(1,964,121)
Amount introduced by directors	12,502	191,503
Amount withdrawn by directors	(78,111)	(307,898)
Loans to associate	457,521	(467,000)
Loans to group companies	(533,078)	(14,943)
Cost of fundamental reorganisation	(1,873,322)	-
Net cash inflow from financing	905,579	1,383,624

NOTES TO THE CASH FLOW STATEMENT
for the year ended 31 August 2012

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.9.11 £	Cash flow £	At 31.8.12 £
Net cash:			
Cash at bank	138,225	(138,225)	-
Bank overdrafts	(109,148)	(1,752,578)	(1,861,726)
	<u>29,077</u>	<u>(1,890,803)</u>	<u>(1,861,726)</u>
Debt:			
Hire purchase and finance leases	(8,630,658)	(855,625)	(9,486,283)
Debts falling due within one year	-	(285,694)	(285,694)
Debts falling due after one year	-	(1,778,748)	(1,778,748)
	<u>(8,630,658)</u>	<u>(2,920,067)</u>	<u>(11,550,725)</u>
Total	<u>(8,601,581)</u>	<u>(4,810,870)</u>	<u>(13,412,451)</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2012

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

Turnover

Turnover represents net invoiced sales of goods and logistics support services including crane hire and transport exclusive of value added tax and undertaken wholly in the UK.

Revenue is recognised as follows:

Sale of goods

Sales of goods are recognised when the company has delivered products to the customer, the customer has accepted the products, and collectibility of the related receivables is fairly assured.

Sales of services

Service revenues are recognised when services have been provided to customers and the right to consideration has been earned.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2011, is being amortised evenly over its estimated useful life of five years.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Long leasehold	- straight line over the life of the lease
Plant and machinery	- 15% on reducing balance and Straight line over 3 years
Portakabins	- 10% on reducing balance
Motor vehicles	- 25% on reducing balance
Boat	- 10% on reducing balance

Deferred tax

Deferred tax arises as a result of including items of income and expenditure in taxation computations in periods different from those in which they are included in the company's accounts. Deferred tax is provided in full on timing differences which result in an obligation to pay more (or less) tax at a future date, at the average tax rates that are expected to apply when the timing differences reverse, based on current tax rates and laws.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset.

Deferred tax assets and liabilities are not discounted.

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 result.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts are capitalised in the balance sheet and are depreciated over their estimated useful lives.

The interest element of hire purchase obligations are charged to the profit and loss account over the relevant period. The capital element of the future payments are treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate. At the balance sheet date there were no prepaid or outstanding amounts.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 August 2012

1. ACCOUNTING POLICIES - continued

Fixed asset investments

Fixed asset investments are recorded at cost less any permanent impairment in value. Gains and losses from sale of fixed asset investments are recorded through the profit and loss account in the year of disposal including any incidental costs of disposal.

2. TURNOVER

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

3. STAFF COSTS

	2012 £	2011 £
Wages and salaries	1,762,311	1,575,971
Social security costs	200,094	172,792
Other pension costs	11,768	9,659
	<u>1,974,173</u>	<u>1,758,422</u>

The average monthly number of employees during the year was as follows:

	2012	2011
Directors	3	4
Administration	11	12
Transport	12	8
Garage	4	2
Crane and quayside	15	18
	<u>45</u>	<u>44</u>

4. OPERATING (LOSS)/PROFIT

The operating loss (2011 - operating profit) is stated after charging/(crediting):

	2012 £	2011 £
Hire of plant and machinery	93,036	177,860
Depreciation - owned assets	94,443	180,900
Depreciation - assets on hire purchase contracts and finance leases	1,895,002	1,211,031
Profit on disposal of fixed assets	(36,997)	(574,317)
Goodwill amortisation	220,000	-
Auditors' remuneration	15,000	15,000
Auditors remuneration for non-audit services	12,000	25,854
	<u>110,599</u>	<u>83,423</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>3</u>	<u>3</u>
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5. COST OF FUNDAMENTAL REORGANISATION

During the year Port Services (Invergordon) Limited acquired the assets of JPR Fabrication Limited and as a result entered into a number of new finance arrangements including the termination of old finance arrangements. This resulted in significant non-recurring finance charges and other incidental costs of £1,873,322, and these have been regarded as a significant exceptional item.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 August 2012

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2012 £	2011 £
Bank interest	3,875	-
Bank loan interest	70,254	-
Interest on taxation	435	2,682
Factoring charges	80,359	-
Interest paid on other loans	27,000	-
Hire purchase interest	461,207	123,506
Finance lease charges	7,087	29,237
	<u>650,217</u>	<u>155,425</u>

7. TAXATION**Analysis of the tax (credit)/charge**

The tax (credit)/charge on the loss on ordinary activities for the year was as follows:

	2012 £	2011 £
Current tax:		
UK corporation tax	-	20,781
Tax re previous year	-	(5,722)
Total current tax	-	15,059
Deferred tax:		
Transfer to deferred taxation	(856,076)	201,887
Tax on (loss)/profit on ordinary activities	<u>(856,076)</u>	<u>216,946</u>

Factors affecting the tax (credit)/charge

The tax assessed for the year is the same as the standard rate of corporation tax in the UK.

	2012 £	2011 £
(Loss)/profit on ordinary activities before tax	<u>(2,927,414)</u>	<u>748,078</u>
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 0% (2011 - 28%)	-	209,462
Effects of:		
Expenses not deductible for tax purposes	-	(181,617)
Capital allowances in excess of depreciation	-	(2,049)
Adjustments to tax charge in respect of previous periods	-	(5,722)
Change in tax rate during the year	-	(386)
Marginal relief	-	(4,629)
Current tax (credit)/charge	<u>-</u>	<u>15,059</u>

8. DIVIDENDS

	2012 £	2011 £
Dividends paid	<u>-</u>	<u>85,000</u>

9. PENSION COSTS

The company operates a defined contribution pension scheme in respect of the directors and staff. The pension charge represents contributions due from the company and amounted to £11,768 (2011 - £9,659). At 31 August 2012 there were no amounts outstanding or prepaid.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 August 2012

10. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
Additions	1,100,000
At 31 August 2012	1,100,000
AMORTISATION	
Amortisation for year	220,000
At 31 August 2012	220,000
NET BOOK VALUE	
At 31 August 2012	880,000

11. TANGIBLE FIXED ASSETS

	Long leasehold £	Plant and machinery £	Portakabins £
COST OR VALUATION			
At 1 September 2011	-	12,838,149	27,202
Additions	1,920,090	1,003,119	-
Revaluations	-	(1,523,455)	-
At 31 August 2012	1,920,090	12,317,813	27,202
DEPRECIATION			
At 1 September 2011	-	3,640,761	17,592
Charge for year	54,860	1,803,145	961
Revaluation adjustments	-	(3,478,882)	-
At 31 August 2012	54,860	1,965,024	18,553
NET BOOK VALUE			
At 31 August 2012	1,865,230	10,352,789	8,649
At 31 August 2011	-	9,197,388	9,610

	Motor vehicles £	Boat £	Totals £
COST OR VALUATION			
At 1 September 2011	652,241	162,102	13,679,694
Additions	94,550	-	3,017,759
Revaluations	(206,240)	-	(1,729,695)
At 31 August 2012	540,551	162,102	14,967,758
DEPRECIATION			
At 1 September 2011	385,424	89,890	4,133,667
Charge for year	123,258	7,221	1,989,445
Revaluation adjustments	(337,906)	-	(3,816,788)
At 31 August 2012	170,776	97,111	2,306,324
NET BOOK VALUE			
At 31 August 2012	369,775	64,991	12,661,434
At 31 August 2011	266,817	72,212	9,546,027

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 August 2012

11. TANGIBLE FIXED ASSETS - continued

Cost or valuation at 31 August 2012 is represented by:

	Long leasehold £	Plant and machinery £	Portakabins £
Valuation in 2011	-	(1,523,455)	-
Cost	1,920,090	13,841,268	27,202
	<u>1,920,090</u>	<u>12,317,813</u>	<u>27,202</u>
	Motor vehicles £	Boat £	Totals £
Valuation in 2011	(206,240)	-	(1,729,695)
Cost	746,791	162,102	16,697,453
	<u>540,551</u>	<u>162,102</u>	<u>14,967,758</u>

If certain plant and machinery and motor vehicles had not been revalued they would have been included at the following historical cost:

	Plant & Machinery	Motor Vehicles
Cost	13,838,150	746,793
Aggregate depreciation	5,149,872	475,767
Net book value	<u>8,688,278</u>	<u>271,026</u>

Certain of these assets were valued on an open market basis during November 2011 by Clydesdale Bank Plc and other assets by GMG Asset Management UK Ltd during February 2011.

Fixed assets, included in the above, which are held under hire purchase contracts and finance leases are as follows:

	Plant and machinery £	Motor vehicles £	Totals £
COST OR VALUATION			
At 1 September 2011	11,672,935	119,005	11,791,940
Additions	1,000,000	94,550	1,094,550
Revaluations	(1,523,455)	(206,240)	(1,729,695)
Transfer to ownership	879,818	467,237	1,347,055
At 31 August 2012	<u>12,029,298</u>	<u>474,552</u>	<u>12,503,850</u>
DEPRECIATION			
At 1 September 2011	2,982,671	12,120	2,994,791
Charge for year	1,779,394	115,608	1,895,002
Revaluation adjustments	(3,478,882)	(337,906)	(3,816,788)
Transfer to ownership	496,211	337,906	834,117
At 31 August 2012	<u>1,779,394</u>	<u>127,728</u>	<u>1,907,122</u>
NET BOOK VALUE			
At 31 August 2012	<u>10,249,904</u>	<u>346,824</u>	<u>10,596,728</u>
At 31 August 2011	<u>8,690,264</u>	<u>106,885</u>	<u>8,797,149</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 August 2012

12. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 September 2011	148,374
Disposals	(148,374)
At 31 August 2012	-
NET BOOK VALUE	
At 31 August 2012	-
At 31 August 2011	148,374

The company's investments at the balance sheet date in the share capital of companies include the following:

Joint venture**Scrabster Port Services Limited**

Nature of business: Handling of imports and exports

	% holding	2012 £	2011 £
Class of shares:			
Ordinary £1			
Aggregate capital and reserves		-	(54,006)
Profit for the year		-	13,461

During the year Port Services (Invergordon) Limited sold their shares in Scrabster Port Services to the other joint venturing party, ASCO Holdings (UK) Limited.

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £	2011 £
Trade debtors	3,513,253	2,436,230
Amounts owed by group undertakings	1,918,476	14,943
Amounts owed by participating interests	-	503,290
Other debtors	1,164,739	880,204
Directors' loan accounts	253,151	187,542
Taxation recoverable	63,288	46,885
VAT	-	607,812
	<u>6,912,907</u>	<u>4,676,906</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £	2011 £
Bank loans and overdrafts (see note 16)	2,147,420	109,148
Hire purchase contracts and finance leases (see note 17)	1,259,351	1,988,779
Trade creditors	1,118,844	839,222
Amounts owed to group undertakings	1,370,456	-
Amounts owed to participating interests	-	45,769
Tax	20,781	20,781
Social security and other taxes	52,082	61,675
S455 Tax payable	42,827	26,425
VAT	492,101	-
Other creditors	44,839	35,575
	<u>6,548,701</u>	<u>3,127,374</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 August 2012

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2012 £	2011 £
Bank loans (see note 16)	1,406,748	-
Other loans (see note 16)	372,000	-
Hire purchase contracts and finance leases (see note 17)	8,226,932	6,641,879
	<u>10,005,680</u>	<u>6,641,879</u>

16. LOANS

An analysis of the maturity of loans is given below:

	2012 £	2011 £
Amounts falling due within one year or on demand:		
Bank overdrafts	1,861,726	109,148
Bank loans	85,694	-
Enterprise finance guarantee loan - current amount	200,000	-
	<u>2,147,420</u>	<u>109,148</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	91,210	-
Enterprise finance guarantee loan one to two years	200,000	-
	<u>291,210</u>	<u>-</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	878,767	-
Enterprise finance guarantee loan two to five years	236,771	-
Other loans - 2-5 years	372,000	-
	<u>1,487,538</u>	<u>-</u>

17. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	Hire purchase contracts		Finance leases	
	2012 £	2011 £	2012 £	2011 £
Net obligations repayable:				
Within one year	1,259,351	1,279,495	-	709,284
Between one and five years	8,226,932	3,914,248	-	2,384,131
In more than five years	-	176,583	-	166,917
	<u>9,486,283</u>	<u>5,370,326</u>	<u>-</u>	<u>3,260,332</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 August 2012

17. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES - continued

The following operating lease payments are committed to be paid within one year:

	Other operating leases	
	2012	2011
	£	£
Expiring:		
Within one year	<u>25,529</u>	<u>22,827</u>

18. SECURED DEBTS

The following secured debts are included within creditors:

	2012	2011
	£	£
Bank overdrafts	1,861,726	109,148
Bank loans	1,692,442	-
EFG Loan	372,000	-
Hire purchase contracts and finance leases	<u>9,486,283</u>	<u>8,630,658</u>
	<u>13,412,451</u>	<u>8,739,806</u>

The hire purchase contracts and finance leases are secured over the assets to which they relate.

The bank loans and overdrafts are secured by a floating charge and Cross Company Guarantee over the assets and undertakings of the company issued by:

- Port Services (Invergordon) Limited;
- Port Services Group (Scotland) Limited;
- Port Services (Engineering) Limited;
- Port Services (Aberdeen) Limited; and
- Dorchester Gardens 948 Limited

There is also a standard security over 2 sites at Service Base, Shore Road, Invergordon offered by Port Services (Invergordon) Limited and a Small Firm Loan Guarantee of £800,000 offered by Port Services (Invergordon) Limited.

The Standard security over the 2 sites at Service Base, Shore Road, Invergordon and the Cross Company Guarantee have been released subsequent to the year end.

19. PROVISIONS FOR LIABILITIES

	2012	2011
	£	£
Deferred tax	<u>-</u>	<u>856,076</u>
		Deferred tax
		£
Balance at 1 September 2011		856,076
Movement in provision		(856,076)
Balance at 31 August 2012		<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 August 2012

19. PROVISIONS FOR LIABILITIES - continued

Potential deferred taxation on accelerated capital allowances	£ 310,810
Tax losses available	(310,810)
Provision for deferred taxation	-

20. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			
Number:	Class:	Nominal value:	2012
		£1	£
1,000	Ordinary		1,000
			2011
			£
			1,000

21. RESERVES

	Profit and loss account £	Revaluation reserve £	Totals £
At 1 September 2011	3,883,203	-	3,883,203
Deficit for the year	(2,071,338)		(2,071,338)
Gain on valuation	-	2,087,095	2,087,095
At 31 August 2012	1,811,865	2,087,095	3,898,960

22. TRANSACTIONS WITH DIRECTORS

The following loans to directors subsisted during the years ended 31 August 2012 and 31 August 2011:

	2012 £	2011 £
L Clark		
Balance outstanding at start of year	71,800	(10,695)
Amounts repaid	(3,250)	(95,860)
Balance outstanding at end of year	90,638	71,800
S L Clark		
Balance outstanding at start of year	88,964	73,294
Amounts repaid	(6,001)	(80,220)
Balance outstanding at end of year	122,402	88,964
P J A Clark		
Balance outstanding at start of year	26,778	8,548
Amounts repaid	(3,250)	(15,423)
Balance outstanding at end of year	40,111	26,778

The above loans to directors are unsecured, interest free and have no fixed terms of repayment.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 August 2012

23. RELATED PARTY DISCLOSURES

Port Services (Aberdeen) Limited

A company in which Mr L Clark, Mr P Clark and Mr S Clark are directors.

Included within other debtors is an amount of £173,291 (2011 - £159,209) owed by Port Services (Aberdeen) Limited and £nil (2011 - £5,044) owed to Port Services (Aberdeen) Limited. These balances are unsecured, interest free and have no fixed terms of repayment. As Port Services (Aberdeen) Limited are in a net liability position the directors have agreed to subordinate the intercompany loan due from Port Services (Aberdeen) Limited to Port Services (Invergordon) Limited in favour of other creditors of Port Services (Aberdeen) Limited.

Port Services (Engineering) Limited

A company in which Mr L Clark is a shareholder.

Included in other debtors is an amount of £332,570 (2011 - £332,570) owed by Port Services (Engineering) Limited. This balance is unsecured, interest free and has no fixed terms of repayment. As Port Services (Engineering) Limited is in a net liability position the directors have agreed to subordinate the intercompany loan due from Port Services (Engineering) Limited to Port Services (Invergordon) Limited in favour of other creditors of Port Services (Engineering) Limited.

Nigg Energy Park Limited

A company in which Mr L Clark was a director.

Les Clark was a director of Nigg Energy Park until 25 May 2012. Subsequent to the year end Nigg Energy park was dissolved and therefore the amounts owed to Port Services were not considered to be recoverable at the balance sheet date. An amount of £45,927 which was the outstanding balance has been treated as a bad debt at the year end.

Mrs W Clark

The wife of the director, L Clark.

During the year Mrs W Clark withdrew £14,280 from Port Services (Invergordon) Limited. At the balance sheet date this loan was £14,280 (2011 - £nil). This loan is unsecured, interest-free and has no fixed terms of repayment.

Dorchester Gardens 948 Limited, previously known as IFAB Limited

A company within the same group as Port Services (Invergordon) Limited

Included in group debtors is an amount of £1,780,805 (2011 - £503,290) owed by Dorchester Gardens 948 Limited. Included within group creditors are amounts owed to Dorchester Gardens 948 Limited of £1,370,456. These amounts are unsecured, interest-free and have no fixed terms of repayment.

In addition Port Services (Invergordon) Limited sold goods and services of £658,169 to and purchased goods and services of £1,142,047 from Dorchester Gardens 948 Limited. These transactions were conducted on an open market basis.

Invergordon container and Plant Hire Limited

A company in which Mr P Clark is a director

During the year Port Services (Invergordon) Limited sold goods and services to Invergordon Container and Plant Hire Limited for a total of £43,622. Included in other debtors at the balance sheet date Invergordon Container And Plant Hire Limited owed Port Services (Invergordon) Limited £12,239. This loan is unsecured, interest free and has no fixed terms of repayment.

24. POST BALANCE SHEET EVENTS

The directors entered into an arrangement to sell a significant proportion of the company's assets on 5 February 2013. The assets disposed of in this transaction were the same assets acquired during the year and include the goodwill which was sold for £750,000 and other property, plant and equipment for £3.25m.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 August 2012

25. **ULTIMATE CONTROLLING PARTY**

The controlling party is Port Services Group (Scotland)Limited.

The ultimate controlling party is L Clark.

The controlling party is its parent undertaking Port Services Group (Scotland) Limited who own 100% of the issued share capital. The ultimate controlling party is the director L Clark who owns 97% of the issued share capital in Port Services Group (Scotland) Limited.

26. **RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2012 £	2011 £
(Loss)/profit for the financial year	(2,071,338)	531,132
Dividends	-	(85,000)
	<u>(2,071,338)</u>	<u>446,132</u>
Other recognised gains and losses relating to the year (net)	2,087,095	-
	<u>15,757</u>	<u>446,132</u>
Net addition to shareholders' funds	3,884,203	3,438,071
Opening shareholders' funds		
	<u>3,899,960</u>	<u>3,884,203</u>
Closing shareholders' funds		

PORT SERVICES (INVERGORDON) LIMITED (REGISTERED NUMBER: SC098300)

TRADING AND PROFIT AND LOSS ACCOUNT
for the year ended 31 August 2012

	2012		2011	
	£	£	£	£
Sales		10,315,031		7,831,924
Cost of sales				
Purchases	4,061,486		2,413,164	
Wages	1,658,811		1,495,971	
Social security	187,931		164,597	
Hire of plant and machinery	93,036		177,860	
Haulage expenses	920,068		793,137	
Commissions payable	-		5,044	
		6,921,332		5,049,773
GROSS PROFIT		3,393,699		2,782,151
Other income				
Loss of earnings claim	(65,000)		-	
Management charges	-		45,681	
Deposit account interest	176		751	
		(64,824)		46,432
		3,328,875		2,828,583
Expenditure				
Rent	190,667		149,630	
Rates and water	18,415		28,834	
Insurance	181,716		179,240	
Heat and light	58,074		55,198	
Directors remuneration	103,500		80,000	
Directors' social security	12,163		8,195	
Directors' pension contributions	7,655		7,146	
Staff pension costs	4,113		2,513	
Less: directors remuneration capitalised	-		(25,000)	
Telephone	52,286		43,784	
Post and stationery	12,161		10,496	
Advertising	62,005		39,766	
Travelling	122,638		88,171	
Repairs and renewals	56,193		10,873	
Boat expenses	11,525		20,819	
Sundry expenses	148,393		146,958	
Accountancy	25,745		26,104	
Legal and professional	412,312		210,166	
Auditors' remuneration	15,000		15,000	
Bad debts	50,802		-	
Bank charges	14,938		9,573	
Bank interest	3,875		-	
Bank loan interest	70,254		-	
Interest on taxation	435		2,682	
Factoring charges	80,359		-	
Interest paid on other loans	27,000		-	
Hire purchase interest	461,207		123,506	
Finance lease charges	7,087		29,237	
Depreciation	1,989,446		1,391,931	
(Profit)/Loss on sale of assets	-		(574,317)	
(Gain)/loss on fixed asset investments	(36,997)		-	
Goodwill	220,000		-	
Cost of fundamental reorg	1,873,322		-	
		6,256,289		2,080,505
NET (LOSS)/PROFIT		(2,927,414)		748,078

This page does not form part of the statutory financial statements

PORT SERVICES (INVERGORDON) LIMITED (REGISTERED NUMBER: SC098300)

TRADING AND PROFIT AND LOSS ACCOUNT
for the year ended 31 August 2012

	2012		2011	
	£	£	£	£
		<u> </u>		<u> </u>

This page does not form part of the statutory financial statements