

**Report of the Directors and
Financial Statements
for the Year Ended 31 March 2011
for
East Kilbride Engineering Services Ltd**

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East Kilbride Engineering Services Ltd (Registered number: SC 163213)

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for the Year Ended 31 March 2011**

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East Kilbride Engineering Services Ltd

**Company Information
for the Year Ended 31 March 2011**

DIRECTORS:

W R Hall
C Logan
W Reid
A Steedman

REGISTERED OFFICE:

Scottish Enterprise Technology Park
Kelvin Building
Bramah Avenue
Glasgow
G75 0RD

REGISTERED NUMBER:

SC 163213

AUDITORS:

Campbell Dallas LLP
Titanium 1
King's Inch Place
Glasgow
Lanarkshire
G51 4BP

**Report of the Directors
for the Year Ended 31 March 2011**

The directors present their report with the financial statements of the company for the year ended 31 March 2011.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the provision of engineering services.

REVIEW OF BUSINESS

The results for the year show an operating profit of £1.2m (2009 - £1.4m) on turnover of £17.5m (2009 - £17.1m). The company has a net balance sheet value of £4.17m at 31 March 2011 (2010 - £3.69m).

PRINCIPLE RISKS AND UNCERTAINTIES

We believe that the company can meet key business risks of competition, both local and national, and also of employee retention.

KEY PERFORMANCE INDICATORS ("KPI's")

Given the straightforward nature of the business, the directors are of the opinion that analysis using KPI's is not necessary for an understanding of the development, performance or position of the business.

FUTURE DEVELOPMENTS

The company continues to work closely with its customers to provide the highest standard of services both in the UK and abroad.

DIVIDENDS

An interim dividend of 374,065 per share was paid on 2 April 2010. The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31 March 2011 will be £374,065.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2010 to the date of this report.

W R Hall
C Logan
W Reid
A Steedman

Other changes in directors holding office are as follows:

N J Wilson ceased to be a director after 31 March 2011 but prior to the date of this report.

**Report of the Directors
for the Year Ended 31 March 2011**

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, Campbell Dallas LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:


.....
W R Hall - Director

Date: 6 Sept 2011

**Report of the Independent Auditors to the Shareholders of
East Kilbride Engineering Services Ltd**

We have audited the financial statements of East Kilbride Engineering Services Ltd for the year ended 31 March 2011 on pages six to seventeen. 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 financial statements 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 March 2011 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

**Report of the Independent Auditors to the Shareholders of
East Kilbride Engineering Services Ltd**

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.



Richard Patterson CA (Senior Statutory Auditor)
for and on behalf of Campbell Dallas LLP
Titanium 1
King's Inch Place
Glasgow
Lanarkshire
G51 4BP

Date: 12/9/2011

East Kilbride Engineering Services Ltd (Registered number: SC 163213)

**Profit and Loss Account
for the Year Ended 31 March 2011**

	Notes	2011 £	2010 £
TURNOVER		17,553,981	17,109,660
Cost of sales		15,598,381	14,888,660
GROSS PROFIT		1,955,600	2,221,000
Administrative expenses		787,784	830,382
		1,167,816	1,390,618
Other operating income		200	-
OPERATING PROFIT	3	1,168,016	1,390,618
Interest receivable and similar income		18,810	12,913
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,186,826	1,403,531
Tax on profit on ordinary activities	4	322,449	391,541
PROFIT FOR THE FINANCIAL YEAR		864,377	1,011,990

CONTINUING OPERATIONS

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

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current year or previous year.

The notes form part of these financial statements

East Kilbride Engineering Services Ltd (Registered number: SC 163213)

**Balance Sheet
31 March 2011**

	Notes	2011 £	2010 £
FIXED ASSETS			
Tangible assets	6	245,492	155,607
CURRENT ASSETS			
Stocks	7	562,837	194,000
Debtors	8	4,178,290	4,599,939
Cash at bank and in hand		1,471,762	865,030
		<u>6,212,889</u>	<u>5,658,969</u>
CREDITORS			
Amounts falling due within one year	9	<u>2,253,044</u>	<u>2,120,424</u>
NET CURRENT ASSETS		<u>3,959,845</u>	<u>3,538,545</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,205,337</u>	<u>3,694,152</u>
PROVISIONS FOR LIABILITIES	12	<u>33,955</u>	<u>13,082</u>
NET ASSETS		<u><u>4,171,382</u></u>	<u><u>3,681,070</u></u>
CAPITAL AND RESERVES			
Called up share capital	13	25,105	25,105
Profit and loss account	14	<u>4,146,277</u>	<u>3,655,965</u>
SHAREHOLDERS' FUNDS	17	<u><u>4,171,382</u></u>	<u><u>3,681,070</u></u>

The financial statements were approved by the Board of Directors on 6/9/2011 and were signed on its behalf by:



W R Hall - Director

The notes form part of these financial statements

East Kilbride Engineering Services Ltd (Registered number: SC 163213)

**Cash Flow Statement
for the Year Ended 31 March 2011**

	Notes	2011 £	2010 £
Net cash inflow from operating activities	1	1,225,105	3,373,865
Returns on investments and servicing of finance	2	18,810	12,913
Taxation		(126,080)	(427,000)
Capital expenditure	2	(146,628)	(20,429)
Equity dividends paid		(374,065)	(360,257)
		<u>597,142</u>	<u>2,579,092</u>
Financing	2	9,590	(1,620)
Increase in cash in the period		<u>606,732</u>	<u>2,577,472</u>
Reconciliation of net cash flow to movement in net funds	3		
Increase in cash in the period		606,732	2,577,472
Cash outflow from decrease in debt		<u>1,620</u>	<u>1,620</u>
Change in net funds resulting from cash flows		<u>608,352</u>	<u>2,579,092</u>
Movement in net funds in the period		<u>608,352</u>	<u>2,579,092</u>
Net funds/(debt) at 1 April		<u>862,195</u>	<u>(1,716,897)</u>
Net funds at 31 March		<u>1,470,547</u>	<u>862,195</u>

The notes form part of these financial statements

Notes to the Cash Flow Statement
for the Year Ended 31 March 2011

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2011 £	2010 £
Operating profit	1,168,016	1,390,618
Depreciation charges	56,743	61,384
Increase in stocks	(368,837)	(194,000)
Decrease in debtors	421,649	815,771
(Decrease)/Increase in creditors	(52,466)	1,300,092
Net cash inflow from operating activities	1,225,105	3,373,865

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

	2011 £	2010 £
Returns on investments and servicing of finance		
Interest received	18,810	12,913
Net cash inflow for returns on investments and servicing of finance	18,810	12,913
Capital expenditure		
Purchase of tangible fixed assets	(146,628)	(20,429)
Net cash outflow for capital expenditure	(146,628)	(20,429)
Financing		
Loan repayments in year	(1,620)	(1,620)
Amount introduced by directors	11,210	-
Net cash inflow/(outflow) from financing	9,590	(1,620)

The notes form part of these financial statements

East Kilbride Engineering Services Ltd (Registered number: SC 163213)

**Notes to the Cash Flow Statement
for the Year Ended 31 March 2011**

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.10 £	Cash flow £	At 31.3.11 £
Net cash:			
Cash at bank and in hand	<u>865,030</u>	<u>606,732</u>	<u>1,471,762</u>
	<u>865,030</u>	<u>606,732</u>	<u>1,471,762</u>
Debt:			
Debts falling due within one year	<u>(2,835)</u>	<u>1,620</u>	<u>(1,215)</u>
	<u>(2,835)</u>	<u>1,620</u>	<u>(1,215)</u>
Total	<u><u>862,195</u></u>	<u><u>608,352</u></u>	<u><u>1,470,547</u></u>

The notes form part of these financial statements

**Notes to the Financial Statements
for the Year Ended 31 March 2011**

1. ACCOUNTING POLICIES

Accounting convention

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

Turnover

Turnover relates to the principal activity of the company and is represented by net invoiced sales of goods and services, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Leasehold improvements	- Over the period of the lease
Plant and machinery	- 15% on reducing balance
Fixtures and fittings	- 15% on reducing balance
Computer equipment	- 33% on cost

Stocks

Work in progress is valued at the lower of cost and net realisable value.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but have not reversed at the balance sheet date.

Deferred tax is provided at the average 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 transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

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.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2011

1. ACCOUNTING POLICIES - continued

Debt Factoring

The company receives an advance from a factor based on sales ledger balances. The company then repays this advance by lodging all sales receipts directly with the factor. The factor then allows an additional drawdown facility to the company which is repaid in the same manner. The factor charges the company on the daily borrowed balance and these charges are through the profit and loss account.

2. STAFF COSTS

	2011	2010
	£	£
Wages and salaries	6,299,239	5,890,465
Social security costs	554,565	525,868
Other pension costs	116,884	97,782
	<u>6,970,688</u>	<u>6,514,115</u>

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

2011	2010
<u>106</u>	<u>93</u>

3. OPERATING PROFIT

The operating profit is stated after charging:

	2011	2010
	£	£
Other operating leases	68,719	93,006
Depreciation - owned assets	56,743	61,384
Auditors' remuneration	7,500	4,800
Auditor remuneration for other services	750	7,686
Currency gain	<u>275,936</u>	<u>463,083</u>
Directors' remuneration	336,051	361,953
Directors' pension contributions to money purchase schemes	<u>49,650</u>	<u>48,875</u>

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

Money purchase schemes	<u>4</u>	<u>4</u>
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Notes to the Financial Statements - continued
for the Year Ended 31 March 2011

3. **OPERATING PROFIT - continued**

Information regarding the highest paid director is as follows:

	2011	2010
	£	£
Emoluments etc	94,438	115,396
Pension contributions to money purchase schemes	6,100	-
	<u>94,438</u>	<u>115,396</u>

4. **TAXATION**

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2011	2010
	£	£
Current tax:		
UK corporation tax	304,709	395,386
Prior year overprovision	(3,133)	-
	<u>301,576</u>	<u>395,386</u>
Total current tax	301,576	395,386
Deferred tax	20,873	(3,845)
	<u>322,449</u>	<u>391,541</u>
Tax on profit on ordinary activities	322,449	391,541

5. **DIVIDENDS**

	2011	2010
	£	£
Ordinary Shares shares of 1 each		
Interim	374,065	360,257
	<u>374,065</u>	<u>360,257</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2011

6. TANGIBLE FIXED ASSETS

	Leasehold improvements £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
COST					
At 1 April 2010	-	18,453	67,984	392,116	478,553
Additions	145,155	-	707	766	146,628
At 31 March 2011	145,155	18,453	68,691	392,882	625,181
DEPRECIATION					
At 1 April 2010	-	11,715	26,448	284,783	322,946
Charge for year	13,645	1,011	6,281	35,806	56,743
At 31 March 2011	13,645	12,726	32,729	320,589	379,689
NET BOOK VALUE					
At 31 March 2011	131,510	5,727	35,962	72,293	245,492
At 31 March 2010	-	6,738	41,536	107,333	155,607

7. STOCKS

	2011 £	2010 £
Work-in-progress	562,837	194,000

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £	2010 £
Trade debtors	4,008,221	4,128,728
Prepayments and accrued income	170,069	471,211
	4,178,290	4,599,939

Notes to the Financial Statements - continued
for the Year Ended 31 March 2011

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011	2010
	£	£
Other loans (see note 10)	1,215	2,835
Trade creditors	40,915	87,773
Tax	304,709	129,213
Social security and other taxes	216,146	181,373
VAT	260,627	248,676
Other creditors	8,000	7,017
Directors' current accounts	11,210	-
Accruals and deferred income	1,410,222	1,463,537
	<u>2,253,044</u>	<u>2,120,424</u>

10. LOANS

An analysis of the maturity of loans is given below:

	2011	2010
	£	£
Amounts falling due within one year or on demand:		
Other loans	<u>1,215</u>	<u>2,835</u>

11. OPERATING LEASE COMMITMENTS

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

		Land and buildings
	2011	2010
	£	£
Expiring:		
Within one year	<u>6,600</u>	<u>6,600</u>

12. PROVISIONS FOR LIABILITIES

	2011	2010
	£	£
Deferred tax	<u>33,955</u>	<u>13,082</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2011

12. PROVISIONS FOR LIABILITIES - continued

	Deferred tax £
Balance at 1 April 2010	13,082
Movement in deferred tax	20,873
Balance at 31 March 2011	<u>33,955</u>

13. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2011 £	2010 £
Number:	Class:			
25,105	Ordinary Shares	1	<u>25,105</u>	<u>25,105</u>

14. RESERVES

	Profit and loss account £
At 1 April 2010	3,655,965
Profit for the year	864,377
Dividends	(374,065)
At 31 March 2011	<u>4,146,277</u>

15. RELATED PARTY DISCLOSURES

During the period £104,110 was paid to EKES Retirement benefit scheme in respect of rent, rates and maintenance.

16. ULTIMATE CONTROLLING PARTY

The company is under the control of its directors.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2011

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011	2010
	£	£
Profit for the financial year	864,377	1,011,990
Dividends	(374,065)	(360,257)
Net addition to shareholders' funds	490,312	651,733
Opening shareholders' funds	3,681,070	3,029,337
Closing shareholders' funds	<u>4,171,382</u>	<u>3,681,070</u>