

**Report of the Directors and
Financial Statements
for the Year Ended 31 March 2012
for
East Kilbride Engineering Services Ltd**

THURSDAY



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20/12/2012
COMPANIES HOUSE

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for the Year Ended 31 March 2012**

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East Kilbride Engineering Services Ltd

**Company Information
for the Year Ended 31 March 2012**

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:

SC163213

AUDITORS:

Campbell Dallas LLP
Titanium 1
King's Inch Place
Renfrew
PA4 8WF

**Report of the Directors
for the Year Ended 31 March 2012**

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

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 £0.9m (2011 - £1.2m) on turnover of £16.6m (2011 - £17.5m). The company has a net balance sheet value of £4.76m at 31 March 2012 (2011 - £4.17m).

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 £328,876 per share was paid on 2 April 2011. The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31 March 2012 will be £328,876.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2011 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 - resigned 1 August 2011

**Report of the Directors
for the Year Ended 31 March 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, 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: 3 / 12 / 2012

Report of the Independent Auditors to the Members of East Kilbride Engineering Services Ltd

We have audited the financial statements of East Kilbride Engineering Services Ltd for the year ended 31 March 2012 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 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 March 2012 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the 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 Members 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
Renfrew
PA4 8WF

Date: 7/12/2012

East Kilbride Engineering Services Ltd (Registered number: SC163213)

**Profit and Loss Account
for the Year Ended 31 March 2012**

	Notes	2012 £	2011 £
TURNOVER		16,633,145	17,553,981
Cost of sales		14,993,973	15,598,381
GROSS PROFIT		1,639,172	1,955,600
Administrative expenses		696,361	787,784
		942,811	1,167,816
Other operating income		674	200
OPERATING PROFIT	3	943,485	1,168,016
Interest receivable and similar income		43,946	18,810
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		987,431	1,186,826
Tax on profit on ordinary activities	4	65,262	322,449
PROFIT FOR THE FINANCIAL YEAR		922,169	864,377

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: SC163213)

Balance Sheet
31 March 2012

		2012	2011
	Notes	£	£
FIXED ASSETS			
Tangible assets	6	229,976	245,492
CURRENT ASSETS			
Stocks	7	1,126,605	562,837
Debtors	8	4,196,547	4,178,290
Cash at bank and in hand		1,450,425	1,471,762
		<u>6,773,577</u>	<u>6,212,889</u>
CREDITORS			
Amounts falling due within one year	9	<u>2,208,930</u>	<u>2,253,044</u>
NET CURRENT ASSETS		<u>4,564,647</u>	<u>3,959,845</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,794,623</u>	<u>4,205,337</u>
PROVISIONS FOR LIABILITIES	12	<u>29,948</u>	<u>33,955</u>
NET ASSETS		<u><u>4,764,675</u></u>	<u><u>4,171,382</u></u>
CAPITAL AND RESERVES			
Called up share capital	13	25,105	25,105
Profit and loss account	14	<u>4,739,570</u>	<u>4,146,277</u>
SHAREHOLDERS' FUNDS	17	<u><u>4,764,675</u></u>	<u><u>4,171,382</u></u>

The financial statements were approved by the Board of Directors on 2/12/2012 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: SC163213)

**Cash Flow Statement
for the Year Ended 31 March 2012**

		2012	2011
	Notes	£	£
Net cash inflow from operating activities	1	440,206	1,225,105
Returns on investments and servicing of finance	2	43,946	18,810
Taxation		(124,405)	(126,080)
Capital expenditure	2	(28,783)	(146,628)
Equity dividends paid		(328,876)	(374,065)
		<u>2,088</u>	<u>597,142</u>
Financing	2	(23,425)	9,590
(Decrease)/increase in cash in the period		<u>(21,337)</u>	<u>606,732</u>
Reconciliation of net cash flow to movement in net funds	3		
(Decrease)/increase in cash in the period		(21,337)	606,732
Cash outflow from decrease in debt		<u>1,215</u>	<u>1,620</u>
Change in net funds resulting from cash flows		<u>(20,122)</u>	<u>608,352</u>
Movement in net funds in the period		(20,122)	608,352
Net funds at 1 April		<u>1,470,547</u>	<u>862,195</u>
Net funds at 31 March		<u><u>1,450,425</u></u>	<u><u>1,470,547</u></u>

The notes form part of these financial statements

**Notes to the Cash Flow Statement
for the Year Ended 31 March 2012**

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

	2012	2011
	£	£
Operating profit	943,485	1,168,016
Depreciation charges	44,298	56,743
Increase in stocks	(563,768)	(368,837)
(Increase)/decrease in debtors	(7,256)	421,649
Increase/(decrease) in creditors	23,447	(52,466)
Net cash inflow from operating activities	<u>440,206</u>	<u>1,225,105</u>

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

	2012	2011
	£	£
Returns on investments and servicing of finance		
Interest received	43,946	18,810
Net cash inflow for returns on investments and servicing of finance	<u>43,946</u>	<u>18,810</u>
 Capital expenditure		
Purchase of tangible fixed assets	(28,783)	(146,628)
Net cash outflow for capital expenditure	<u>(28,783)</u>	<u>(146,628)</u>
 Financing		
Loan repayments in year	(1,215)	(1,620)
Amount introduced by directors	-	11,210
Amount withdrawn by directors	(22,210)	-
Net cash (outflow)/inflow from financing	<u>(23,425)</u>	<u>9,590</u>

The notes form part of these financial statements

**Notes to the Cash Flow Statement
for the Year Ended 31 March 2012**

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.11 £	Cash flow £	At 31.3.12 £
Net cash:			
Cash at bank and in hand	1,471,762	(21,337)	1,450,425
	<u>1,471,762</u>	<u>(21,337)</u>	<u>1,450,425</u>
Debt:			
Debts falling due within one year	(1,215)	1,215	-
	<u>(1,215)</u>	<u>1,215</u>	<u>-</u>
Total	<u>1,470,547</u>	<u>(20,122)</u>	<u>1,450,425</u>

The notes form part of these financial statements

**Notes to the Financial Statements
for the Year Ended 31 March 2012**

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.

In line with UITF 40, turnover is recognised when the a service has been delivered against defined milestones contracts.

Turnover that has been recognised but not invoiced at the year end is included in debtors as accrued income.

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.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2012

1. ACCOUNTING POLICIES - continued

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.

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 draw down 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.

Government Grants

Grants of a revenue nature are credited to the profit and loss account in the period to which they relate.

2. STAFF COSTS

	2012	2011
	£	£
Wages and salaries	6,506,410	6,299,239
Social security costs	708,697	554,565
Other pension costs	128,071	116,884
	<u>7,343,178</u>	<u>6,970,688</u>

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

2012	2011
<u>107</u>	<u>106</u>

3. OPERATING PROFIT

The operating profit is stated after charging:

	2012	2011
	£	£
Other operating leases	94,354	68,719
Depreciation - owned assets	44,299	56,743
Auditors' remuneration	7,500	7,500
Auditor remuneration for other services	6,340	750
Currency gain/(loss)	<u>145,242</u>	<u>275,936</u>
Directors' remuneration	192,603	336,051
Directors' pension contributions to money purchase schemes	<u>47,100</u>	<u>49,650</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2012

3. OPERATING PROFIT - continued

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

Money purchase schemes	4	4
	<u>4</u>	<u>4</u>

4. TAXATION

Analysis of the tax charge

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

	2012 £	2011 £
Current tax:		
UK corporation tax	249,573	304,709
Prior year overprovision	(180,304)	(3,133)
	<u>69,269</u>	<u>301,576</u>
Total current tax	69,269	301,576
Deferred tax	(4,007)	20,873
	<u>65,262</u>	<u>322,449</u>
Tax on profit on ordinary activities	65,262	322,449

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2012 £	2011 £
Profit on ordinary activities before tax	987,431	1,186,826
	<u>987,431</u>	<u>1,186,826</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26% (2011 - 28%)	256,732	332,311
Effects of:		
Expenses not deductible for tax purposes	425	(19,888)
Capital allowances in excess of depreciation	-	(7,714)
Depreciation in excess of capital allowances	75	-
Marginal relief	(7,659)	-
Prior year under/ (over) provision	934	(3,133)
R&D tax credits	(181,238)	-
	<u>69,269</u>	<u>301,576</u>
Current tax charge	69,269	301,576

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2012**

5. DIVIDENDS

	2012 £	2011 £
Ordinary Shares shares of 1 each		
Interim	<u>328,876</u>	<u>374,065</u>

6. TANGIBLE FIXED ASSETS

	Leasehold improvements £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
COST					
At 1 April 2011	145,155	18,453	68,691	392,882	625,181
Additions	<u>14,138</u>	<u>-</u>	<u>558</u>	<u>14,087</u>	<u>28,783</u>
At 31 March 2012	<u>159,293</u>	<u>18,453</u>	<u>69,249</u>	<u>406,969</u>	<u>653,964</u>
DEPRECIATION					
At 1 April 2011	13,645	12,726	32,729	320,589	379,689
Charge for year	<u>13,383</u>	<u>864</u>	<u>5,385</u>	<u>24,667</u>	<u>44,299</u>
At 31 March 2012	<u>27,028</u>	<u>13,590</u>	<u>38,114</u>	<u>345,256</u>	<u>423,988</u>
NET BOOK VALUE					
At 31 March 2012	<u>132,265</u>	<u>4,863</u>	<u>31,135</u>	<u>61,713</u>	<u>229,976</u>
At 31 March 2011	<u>131,510</u>	<u>5,727</u>	<u>35,962</u>	<u>72,293</u>	<u>245,492</u>

7. STOCKS

	2012 £	2011 £
Work-in-progress	<u>1,126,605</u>	<u>562,837</u>

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £	2011 £
Trade debtors	3,732,753	4,008,221
Directors' current accounts	11,000	-
Prepayments and accrued income	<u>452,794</u>	<u>170,069</u>
	<u>4,196,547</u>	<u>4,178,290</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2012**

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012	2011
	£	£
Other loans (see note 10)	-	1,215
Trade creditors	129,110	40,915
Tax	249,573	304,709
Social security and other taxes	195,999	216,146
VAT	252,880	260,627
Other creditors	15,042	8,000
Directors' current accounts	-	11,210
Accruals and deferred income	1,366,326	1,410,222
	<u>2,208,930</u>	<u>2,253,044</u>

10. LOANS

An analysis of the maturity of loans is given below:

	2012	2011
	£	£
Amounts falling due within one year or on demand:		
Other loans	<u>-</u>	<u>1,215</u>

11. OPERATING LEASE COMMITMENTS

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

	Land and buildings	
	2012	2011
	£	£
Expiring:		
Within one year	<u>6,600</u>	<u>6,600</u>

12. PROVISIONS FOR LIABILITIES

	2012	2011
	£	£
Deferred tax	<u>29,948</u>	<u>33,955</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2012**

12. PROVISIONS FOR LIABILITIES - continued

	Deferred tax £
Balance at 1 April 2011	33,955
Movement in year	(4,007)
Balance at 31 March 2012	<u>29,948</u>

13. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal	2012	2011
Number:	Class:	value:	£	£
25,105	Ordinary Shares	1	<u>25,105</u>	<u>25,105</u>

14. RESERVES

	Profit and loss account £
At 1 April 2011	4,146,277
Profit for the year	922,169
Dividends	(328,876)
At 31 March 2012	<u>4,739,570</u>

15. RELATED PARTY DISCLOSURES

During the period £93,125 (2011: £104,110) was paid to EKES Retirement benefit scheme in respect of rent, rates and maintenance.

During the year dividends of £328,876 were paid to directors.

The loans with directors as disclosed in note 8 are subject to interest and have no fixed date for repayment.

16. ULTIMATE CONTROLLING PARTY

The company was under the control of its directors throughout the year.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2012

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2012	2011
	£	£
Profit for the financial year	922,169	864,377
Dividends	(328,876)	(374,065)
Net addition to shareholders' funds	593,293	490,312
Opening shareholders' funds	4,171,382	3,681,070
Closing shareholders' funds	4,764,675	4,171,382