Company Registration No. SC214852 (Scotland)

Dovecot Studios Limited

Unaudited financial statements
for the year ended 30 June 2016

Pages for filing with the Registrar





Saffery Champness

CHARTERED ACCOUNTANTS

Dovecot Studios Limited

Company information

Directors	Alastair Salvesen Elizabeth Salvesen David Weir
Secretary	David Weir
Company number	SC214852
Registered office	10 Infirmary Street Edinburgh EH1 1LT
Accountants	Saffery Champness Edinburgh Quay 133 Fountainbridge Edinburgh EH3 9BA
Bankers	Bank of Scotland plc 38 St Andrew Square Edinburgh EH2 2YR

Dovecot Studios Limited

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Dovecot Studios Limited

Statement of financial position
As at 30 June 2016

	Notes	£	2016 £	£	2015 £
Fixed assets					
Tangible assets	5		50,860		58,312
Investments	6		2		2
			50,862		58,314
Current assets					
Stocks	9	118,095		134,803	
Debtors	8	55,252		72,795	
Cash at bank and in hand		77,425		113,747	
		250,772		321,345	
Creditors: amounts falling due within one year	10	(400,429)		(422,878)	
Net current liabilities			(149,657)		(101,533)
Total assets less current liabilities			(98,795)		(43,219)
Capital and reserves					
Called up share capital	11		2,747		2,747
Share premium account			252,994		252,994
Profit and loss reserves			(354,536)		(298,960)
Total equity			(98,795)		(43,219)

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

Statement of financial position (continued)
As at 30 June 2016

For the financial year ended 30 June 2016 the company was entitled to exemption from audit under section 477 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 25/3/17 and are signed on its behalf by:

.....
Alastair Salvesen
Director

Company Registration No. SC214852

1 Accounting policies

Company information

Dovecot Studios Limited is a private company limited by shares incorporated in Scotland. The registered office is 10 Infirmary Street, Edinburgh, EH1 1LT.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

These financial statements for the year ended 30 June 2016 are the first financial statements of Dovecot Studios Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 July 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

1.2 Going concern

The directors consider the company to be a going concern and the financial statements have been prepared on that basis. Further details of the going concern assumption and status of the parent company can be found in the consolidated financial statements of the Dovecot Foundation for the year ended 30 June 2016.

The financial statements of the company have therefore been drawn up on a going concern basis which assumes that, at the date of approval of the financial statements, the parent company has sufficient reserves to continue to operate for the foreseeable future and provide ongoing grant funding to support the company.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

1 Accounting policies (continued)

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and machinery	10% Straight line
Computer equipment	25% Straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1 Accounting policies (continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1 Accounting policies (continued)

Basic financial assets

Basic financial assets, which include debtors, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as 'creditors: amounts falling due within one year' if payment is due within one year or less. If not, they are presented as 'creditors: amounts falling due after more than one year'. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1 Accounting policies (continued)

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.14 Grants receivable

Grants are received from the company's parent company. These grants are unconditional so the full amount is credited to profit and loss.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Stock

The company estimates the recoverable value of stocks as follows:
- Raw materials are valued at original cost.
- Finished goods are valued based on the labour and absorption costs per hour or square metre.
- Work in progress is valued based on labour costs, calculated according to the standard rate per hour or square metre.
- Small items are valued based on the production costs per unit or square metre.

Long-term contracts

The company receives partial or full payment for certain long-term projects before they have completed. Long-term contracts are reviewed annually to estimate their progress and revenue is recognised in line with the stage of completion.

The area that has been completed to date is compared to the final tapestry size in order to establish the percentage completed at the year end. Revenue is then recognised in line with this percentage and any additional payments are taken to deferred income.

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was 25 (2015 - 30).

Their aggregate remuneration comprised:

	2016	2015
	£	£
Wages and salaries	437,967	385,985
Social security costs	34,514	31,344
Pension costs	4,905	4,382
	477,386	421,711

4 Directors' remuneration

	2016	2015
	£	£
Remuneration paid to directors	55,000	52,371

5 Tangible fixed assets

	Plant and machinery	Computer equipment	Total
	£	£	£
Cost			
At 1 July 2015	85,535	35,768	121,303
Additions	923	2,015	2,938
At 30 June 2016	86,458	37,783	124,241
Depreciation and impairment			
At 1 July 2015	32,569	30,422	62,991
Depreciation charged in the year	7,474	2,916	10,390
At 30 June 2016	40,043	33,338	73,381
Carrying amount			
At 30 June 2016	46,415	4,445	50,860
At 30 June 2015	52,966	5,346	58,312

6 Fixed asset investments

	2016	2015
	£	£
Investments	2	2

Movements in fixed asset investments

	Shares in group undertakings
	£
Cost	
At 1 July 2015 & 30 June 2016	2
Carrying amount	
At 30 June 2016	2
At 30 June 2015	2

7 Subsidiaries

Details of the company's subsidiaries at 30 June 2016 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held Direct	% Held Indirect
The Edinburgh Tapestry Company Limited Scotland	Dormant	£1 Ordinary shares	100	

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Profit/(Loss)	Capital and Reserves
	£	£
The Edinburgh Tapestry Company Limited	-	2

8 Debtors

Amounts falling due within one year:	2016 £	2015 £
Trade debtors	25,050	25,724
Other debtors	30,202	47,071
	55,252	72,795

9 Stocks

	2016 £	2015 £
Raw materials	24,209	26,193
Work in progress	26,000	40,159
Finished goods	67,886	68,451
	118,095	134,803

10 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	118,185	131,248
Amounts due to group undertakings	84,002	80,102
Other taxation and social security	21,017	10,187
Other creditors	177,225	201,341
	400,429	422,878

11 Called up share capital

	2016 £	2015 £
Ordinary share capital		
Issued and fully paid		
2,747 Ordinary Shares of £1 each	2,747	2,747

12 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2016	2015
	£	£
Within one year	6,600	7,385
Between two and five years	281,678	420,000
	288,278	427,385

13 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, who may be directors, was as follows.

	2016	2015
	£	£
Aggregate compensation	133,872	90,704

Transactions with related parties

The company has elected to take advantage of the exemption granted under Section 33 Related Party Disclosures of FRS 102 available to wholly owned subsidiaries and has not disclosed transactions with other group companies.

At the year end, a balance of £84,000 (2015: £80,100) was due to Dovecot Property Limited. Dovecot Property Limited is a related party due to common ownership by The Dovecot Foundation.

No guarantees have been given or received.

14 Parent company

The directors consider the ultimate controlling party to be The Dovecot Foundation, a company incorporated in Scotland. The entire issued share capital of the company is held by The Dovecot Foundation.