

HSB HOLDINGS LIMITED
FINANCIAL STATEMENTS
30 NOVEMBER 2011

THURSDAY



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COMPANIES HOUSE

FOURM
Chartered Accountants & Statutory Auditor
Stannergate House
41 Dundee Road West
Broughty Ferry
Dundee DD5 1NB

HSB HOLDINGS LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 30 NOVEMBER 2011

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HSB HOLDINGS LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	Gary D Campbell Gregor A Robb Martin Leiper William A Roberts
Company secretary	Gregor A Robb
Registered office	Bourtree House Minto Drive Altens Industrial Estate Aberdeen AB12 3LW
Auditor	FourM Chartered Accountants & Statutory Auditor Stannergate House 41 Dundee Road West Broughty Ferry Dundee DD5 1NB
Bankers	The Royal Bank of Scotland 12 Golden Square Aberdeen AB9 8DU
Solicitors	Paull & Williamsons LLP Union Plaza (6th Floor) 1 Union Wynd Aberdeen AB10 1DQ

HSB HOLDINGS LIMITED
THE DIRECTORS' REPORT
YEAR ENDED 30 NOVEMBER 2011

The directors have pleasure in presenting their report and the financial statements of the group for the year ended 30 November 2011.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is that of a holding company providing management services to its subsidiary Hutcheon Services Limited. The principal activity of Hutcheon Services Limited is that of general electrical, mechanical and plumbing contractors and sheet metal fabricators.

The directors of the company are satisfied with the group results for the year given that they represent another year of profitability during a period of continuing economic difficulties facing the construction industry. This has been achieved by increasing the turnover of the group and focusing upon operational efficiencies. The directors expect that 2012 will be another year in which the group will be faced with difficult economic conditions but they are confident that the group is well placed to meet the challenges and will continue to trade profitably.

RESULTS AND DIVIDENDS

The group profit for the year, after taxation, amounted to £186,772. Particulars of dividends paid are detailed in note 10 to the financial statements.

DIRECTORS

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

Gary D Campbell
Gregor A Robb
Martin Leiper
William A Roberts

DONATIONS

During the year the company made the following contributions:

	2011	2010
	£	£
Charitable	<u>3,058</u>	<u>4,841</u>

HSB HOLDINGS LIMITED
THE DIRECTORS' REPORT *(continued)*
YEAR ENDED 30 NOVEMBER 2011

AUDITOR

FourM are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Registered office:
Bourtree House
Minto Drive
Altens Industrial Estate
Aberdeen
AB12 3LW

Signed on behalf of the directors

A handwritten signature in black ink, appearing to be 'Gary D Campbell', with a long horizontal stroke extending to the right.

Gary D Campbell
Director

Approved by the directors on 24 May 2012

HSB HOLDINGS LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
YEAR ENDED 30 NOVEMBER 2011

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that year.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the group's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

HSB HOLDINGS LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
HSB HOLDINGS LIMITED
YEAR ENDED 30 NOVEMBER 2011

We have audited the group and parent company financial statements ("the financial statements") of HSB Holdings Limited for the year ended 30 November 2011 on pages 7 to 25. 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 shareholders, 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 shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 30 November 2011 and of the group's 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 MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

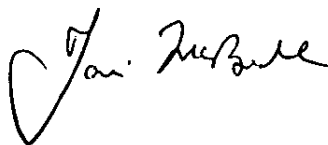
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

HSB HOLDINGS LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
HSB HOLDINGS LIMITED *(continued)*
YEAR ENDED 30 NOVEMBER 2011

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



IAIN McBRIDE (Senior Statutory Auditor)
For and on behalf of
FOURM
Chartered Accountants
& Statutory Auditor

Stannergate House
41 Dundee Road West
Broughty Ferry
Dundee DD5 1NB

24 May 2012

HSB HOLDINGS LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 NOVEMBER 2011

	Note	2011 £	2010 £
GROUP TURNOVER	2	12,137,416	11,650,647
Cost of sales		10,277,044	9,735,254
GROSS PROFIT		1,860,372	1,915,393
Administrative expenses		1,624,541	1,634,095
Other operating income	3	(94,947)	(113,461)
OPERATING PROFIT	4	330,778	394,759
Interest receivable		5,318	142
Interest payable and similar charges	7	(49,558)	(61,981)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		286,538	332,920
Tax on profit on ordinary activities	8	99,766	97,461
PROFIT FOR THE FINANCIAL YEAR	9	186,772	235,459

All of the activities of the group are classed as continuing.

The group has no recognised gains or losses other than the results for the year as set out above.

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own Profit and Loss Account.

The notes on pages 13 to 25 form part of these financial statements.

HSB HOLDINGS LIMITED**GROUP BALANCE SHEET****30 NOVEMBER 2011**

	Note	2011 £	2010 £
FIXED ASSETS			
Intangible assets	11	760,495	818,995
Tangible assets	12	2,616,314	2,557,720
		<u>3,376,809</u>	<u>3,376,715</u>
CURRENT ASSETS			
Stocks	14	259,469	775,024
Debtors	15	1,048,406	1,015,356
Cash at bank and in hand		1,435,326	479,972
		<u>2,743,201</u>	<u>2,270,352</u>
CREDITORS: Amounts falling due within one year	16	<u>2,448,523</u>	<u>2,310,185</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>294,678</u>	<u>(39,833)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,671,487</u>	<u>3,336,882</u>
CREDITORS: Amounts falling due after more than one year	17	1,542,949	1,333,571
PROVISIONS FOR LIABILITIES			
Deferred taxation	19	75,061	56,606
		<u>2,053,477</u>	<u>1,946,705</u>
CAPITAL AND RESERVES			
Called-up equity share capital	22	20,000	20,000
Share premium account	23	380,255	380,255
Profit and loss account	23	1,653,222	1,546,450
SHAREHOLDERS' FUNDS	24	<u>2,053,477</u>	<u>1,946,705</u>

These financial statements were approved by the directors and authorised for issue on 24 May 2012, and are signed on their behalf by:


GREGOR A ROBB
Director

The notes on pages 13 to 25 form part of these financial statements.

HSB HOLDINGS LIMITED

BALANCE SHEET

30 NOVEMBER 2011

	Note	2011 £	2010 £
FIXED ASSETS			
Tangible assets	12	2,018,827	2,013,945
Investments	13	2,102,024	2,102,024
		<u>4,120,851</u>	<u>4,115,969</u>
CURRENT ASSETS			
Debtors	15	28,000	—
Cash at bank		840,441	435,267
		<u>868,441</u>	<u>435,267</u>
CREDITORS: Amounts falling due within one year	16	<u>2,718,637</u>	<u>2,183,564</u>
NET CURRENT LIABILITIES		(1,850,196)	(1,748,297)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,270,655</u>	<u>2,367,672</u>
CREDITORS: Amounts falling due after more than one year	17	1,195,734	1,287,151
		<u>1,074,921</u>	<u>1,080,521</u>
CAPITAL AND RESERVES			
Called-up equity share capital	22	20,000	20,000
Share premium account	23	380,255	380,255
Profit and loss account	23	674,666	680,266
SHAREHOLDERS' FUNDS		<u>1,074,921</u>	<u>1,080,521</u>

These financial statements were approved by the directors and authorised for issue on 24 May 2012, and are signed on their behalf by:



GREGOR A ROBB
Director

Company Registration Number: SC260511

The notes on pages 13 to 25 form part of these financial statements.

HSB HOLDINGS LIMITED
GROUP CASH FLOW
YEAR ENDED 30 NOVEMBER 2011

	2011	2010
	£	£
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	1,093,986	(222,629)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	5,318	142
Interest paid	(42,746)	(51,287)
Interest element of hire purchase	(6,812)	(10,694)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(44,240)	(61,839)
TAXATION	(87,713)	(304,725)
CAPITAL EXPENDITURE		
Payments to acquire tangible fixed assets	(223,837)	(127,813)
Receipts from sale of fixed assets	53,411	36,946
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	(170,426)	(90,867)
EQUITY DIVIDENDS PAID	(80,000)	—
CASH INFLOW/(OUTFLOW) BEFORE FINANCING	711,607	(680,060)
FINANCING		
Repayment of bank loans	(81,659)	(78,012)
Net (outflow)/inflow from other short-term creditors	(4,200)	2,058
Capital element of hire purchase	79,706	(25,947)
Net inflow from other long-term creditors	249,900	—
NET CASH INFLOW/(OUTFLOW) FROM FINANCING	243,747	(101,901)
INCREASE/(DECREASE) IN CASH	955,354	(781,961)

The notes on pages 13 to 25 form part of these financial statements.

HSB HOLDINGS LIMITED
GROUP CASH FLOW
YEAR ENDED 30 NOVEMBER 2011

**RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW)
FROM OPERATING ACTIVITIES**

	2011 £	2010 £
Operating profit	330,778	394,759
Amortisation	58,500	58,500
Depreciation	126,184	133,132
(Profit)/Loss on disposal of fixed assets	(14,352)	2,118
Decrease/(increase) in stocks	515,555	(392,230)
Increase in debtors	(33,050)	(238,425)
Increase/(decrease) in creditors	110,371	(180,483)
Net cash inflow/(outflow) from operating activities	<u>1,093,986</u>	<u>(222,629)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2011 £	2010 £
Increase/(decrease) in cash in the period	955,354	(781,961)
Net cash outflow from bank loans	81,659	78,012
Net outflow from/(inflow) from other short-term creditors	4,200	(2,058)
Cash outflow in respect of hire purchase	(79,706)	25,947
Net cash (inflow) from other long-term creditors	<u>(249,900)</u>	<u>—</u>
	711,607	(680,060)
Change in net debt	711,607	(680,060)
Net debt at 1 December 2010	(1,032,794)	(352,734)
Net debt at 30 November 2011	<u>(321,187)</u>	<u>(1,032,794)</u>

The notes on pages 13 to 25 form part of these financial statements.

HSB HOLDINGS LIMITED
GROUP CASH FLOW
YEAR ENDED 30 NOVEMBER 2011

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Dec 2010 £	Cash flows £	At 30 Nov 2011 £
Net cash:			
Cash in hand and at bank	479,972	955,354	1,435,326
Debt:			
Debt due within 1 year	(125,658)	(8,887)	(134,545)
Debt due after 1 year	(1,281,595)	(155,154)	(1,436,749)
Hire purchase agreements	(105,513)	(79,706)	(185,219)
	<u>(1,512,766)</u>	<u>(243,747)</u>	<u>(1,756,513)</u>
Net debt	<u>(1,032,794)</u>	<u>711,607</u>	<u>(321,187)</u>

The notes on pages 13 to 25 form part of these financial statements.

HSB HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 NOVEMBER 2011

1. ACCOUNTING POLICIES

Basis of accounting

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Goodwill on consolidation is capitalised and written off over 20 years from the date of acquisition. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

Turnover

The turnover shown in the profit and loss account represents services provided and goods despatched during the year, exclusive of Value Added Tax.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill on consolidation - 5% straight line

Fixed Assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold Property	-	2% straight line
Plant & Machinery	-	15% reducing balance
Fixtures & Fittings	-	15 - 25% reducing balance
Motor Vehicles	-	25% reducing balance

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

HSB HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 NOVEMBER 2011

1. ACCOUNTING POLICIES *(continued)*

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Fixed asset investments

The fixed asset investments are recorded at cost less any provision for the reduction in the value of the stated investment.

HSB HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 NOVEMBER 2011

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the group.

An analysis of turnover is given below:

	2011 £	2010 £
United Kingdom	<u>12,137,416</u>	<u>11,650,647</u>

3. OTHER OPERATING INCOME

	2011 £	2010 £
Commission receivable	<u>94,947</u>	<u>113,461</u>

4. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2011 £	2010 £
Amortisation of intangible assets	58,500	58,500
Depreciation of owned fixed assets	76,701	92,451
Depreciation of assets held under hire purchase agreements	49,483	40,681
(Profit)/Loss on disposal of fixed assets	(14,352)	2,118
Auditor's remuneration		
- as auditor	13,150	14,300
- for other services	<u>1,400</u>	<u>-</u>

HSB HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 NOVEMBER 2011

5. PARTICULARS OF EMPLOYEES

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

	2011	2010
	No	No
Number of production staff	116	117
Number of administrative staff	8	8
Number of management staff	7	7
	<u>131</u>	<u>132</u>

The aggregate payroll costs of the above were:

	2011	2010
	£	£
Wages and salaries	4,784,338	4,553,599
Social security costs	420,379	393,019
Other pension costs	132,043	139,793
Employer financed retirement benefit scheme contribution	—	250,200
	<u>5,336,760</u>	<u>5,336,611</u>

6. DIRECTORS' REMUNERATION

The group directors' aggregate remuneration and other payments in respect of qualifying services were:

	2011	2010
	£	£
Remuneration receivable	506,571	452,906
Value of company pension contributions to money purchase schemes	62,809	63,235
Employer financed retirement benefit scheme contribution	—	250,200
	<u>569,380</u>	<u>766,341</u>

Remuneration of highest paid director:

	2011	2010
	£	£
Total remuneration (excluding pension contributions)	87,572	81,394
Value of company pension contributions to money purchase schemes	5,870	5,775
	<u>93,442</u>	<u>87,169</u>

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

	2011	2010
	No	No
Money purchase schemes	<u>7</u>	<u>7</u>

HSB HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 NOVEMBER 2011

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2011 £	2010 £
Interest payable on bank borrowing	38,494	51,287
Finance charges	6,812	10,694
Other similar charges payable	4,252	–
	<u>49,558</u>	<u>61,981</u>

8. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2011 £	2010 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 28/26% (2010 - 28%)	81,311	87,714
Total current tax	81,311	87,714
Deferred tax:		
Origination and reversal of timing differences	18,455	9,747
Tax on profit on ordinary activities	<u>99,766</u>	<u>97,461</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 26% (2010 - 28%).

	2011 £	2010 £
Profit on ordinary activities before taxation	286,538	332,920
Profit on ordinary activities by rate of tax	74,499	93,218
Movement in deferred tax	(22,564)	(12,260)
Disallowable expenses	4,632	6,470
Non qualifying depreciation	3,677	3,456
Amortisation of goodwill	15,210	16,380
Tax chargeable at lower rates	(10,385)	(19,550)
Associate loan written off	13,961	–
Tax chargeable at higher rates	2,281	–
Total current tax (note 8(a))	<u>81,311</u>	<u>87,714</u>

HSB HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 NOVEMBER 2011

9. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the financial statements of the parent company was £74,400 (2010 - £181,739).

10. DIVIDENDS

Equity dividends

	2011	2010
	£	£
Paid		
Equity dividends on ordinary shares	<u>80,000</u>	<u>—</u>

11. INTANGIBLE FIXED ASSETS

Group	Goodwill
	£
COST	
At 1 December 2010 and 30 November 2011	<u>1,169,994</u>
AMORTISATION	
At 1 December 2010	350,999
Charge for the year	58,500
At 30 November 2011	<u>409,499</u>
NET BOOK VALUE	
At 30 November 2011	<u>760,495</u>
At 30 November 2010	<u>818,995</u>

HSB HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 NOVEMBER 2011

12. TANGIBLE FIXED ASSETS

Group	Heritable Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
COST					
At 1 December 2010	1,977,887	387,701	891,267	382,049	3,638,904
Additions	—	66,062	31,257	126,518	223,837
Disposals	—	(51,164)	(9,617)	(48,025)	(108,806)
At 30 November 2011	<u>1,977,887</u>	<u>402,599</u>	<u>912,907</u>	<u>460,542</u>	<u>3,753,935</u>
DEPRECIATION					
At 1 December 2010	1,827	291,361	709,471	78,525	1,081,184
Charge for the year	1,827	13,690	30,034	80,633	126,184
On disposals	—	(46,564)	(6,717)	(16,466)	(69,747)
At 30 November 2011	<u>3,654</u>	<u>258,487</u>	<u>732,788</u>	<u>142,692</u>	<u>1,137,621</u>
NET BOOK VALUE					
At 30 November 2011	<u>1,974,233</u>	<u>144,112</u>	<u>180,119</u>	<u>317,850</u>	<u>2,616,314</u>
At 30 November 2010	<u>1,976,060</u>	<u>96,340</u>	<u>181,796</u>	<u>303,524</u>	<u>2,557,720</u>

Hire purchase agreements

Included within the net book value of £2,616,314 is £289,560 (2010 - £173,536) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £49,483 (2010 - £40,681).

HSB HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 NOVEMBER 2011

12. TANGIBLE FIXED ASSETS *(continued)*

Company	Heritable Property £	Motor Vehicles £	Total £
COST			
At 1 December 2010	1,977,887	44,571	2,022,458
Additions	–	30,000	30,000
Disposals	–	(11,235)	(11,235)
At 30 November 2011	<u>1,977,887</u>	<u>63,336</u>	<u>2,041,223</u>
DEPRECIATION			
At 1 December 2010	1,827	6,686	8,513
Charge for the year	1,827	14,865	16,692
On disposals	–	(2,809)	(2,809)
At 30 November 2011	<u>3,654</u>	<u>18,742</u>	<u>22,396</u>
NET BOOK VALUE			
At 30 November 2011	<u>1,974,233</u>	<u>44,594</u>	<u>2,018,827</u>
At 30 November 2010	<u>1,976,060</u>	<u>37,885</u>	<u>2,013,945</u>

Hire purchase agreements

Included within the net book value of £2,018,827 is £36,781 (2010 - £29,459) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £12,260 (2010 - £8,857).

13. INVESTMENTS

Company	Group companies £
COST	
At 1 December 2010 and 30 November 2011	<u>2,102,024</u>
NET BOOK VALUE	
At 30 November 2011 and 30 November 2010	<u>2,102,024</u>

HSB HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 NOVEMBER 2011

13. INVESTMENTS (continued)

The company owns 100% (2010 - 100%) of the issued ordinary share capital of Bourtree Investments Limited and Hutcheon Services Limited. Both companies are registered in Scotland.

Aggregate capital and reserves	2011	2010
	£	£
Bourtree Investments Limited	1,151,055	1,151,055
Hutcheon Services Limited	1,169,030	998,158
Retained profit for the year	2011	2010
	£	£
Bourtree Investments Limited	-	-
Hutcheon Services Limited	170,872	112,220

14. STOCKS

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Raw materials	23,815	24,400	-	-
Work in progress	235,654	750,624	-	-
	<u>259,469</u>	<u>775,024</u>	<u>-</u>	<u>-</u>

15. DEBTORS

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Trade debtors	886,692	910,540	-	-
Amounts owed by associated undertaking	28,000	-	28,000	-
Prepayments and accrued income	133,714	104,816	-	-
	<u>1,048,406</u>	<u>1,015,356</u>	<u>28,000</u>	<u>-</u>

HSB HOLDINGS LIMITED .
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 NOVEMBER 2011

16. CREDITORS: Amounts falling due within one year

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Bank loans	94,746	81,659	94,746	81,659
Trade creditors	1,082,503	1,074,543	—	—
Amounts owed to group undertakings	—	—	2,550,322	2,021,134
Hire purchase agreements	79,019	53,537	12,226	10,550
Directors' loan accounts	50,000	50,000	—	—
Other creditors including taxation and social security:				
Corporation tax	81,311	87,713	40,141	55,728
Other taxation and social security	412,393	307,697	10,852	10,993
Other creditors	39,799	43,999	—	—
Accruals and deferred income	608,752	611,037	10,350	3,500
	<u>2,448,523</u>	<u>2,310,185</u>	<u>2,718,637</u>	<u>2,183,564</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Bank loans	<u>94,746</u>	<u>81,659</u>	<u>94,746</u>	<u>81,659</u>

17. CREDITORS: Amounts falling due after more than one year

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Bank loans and overdrafts	1,186,849	1,281,595	1,186,849	1,281,595
Hire purchase agreements	106,200	51,976	8,885	5,556
Other creditors	249,900	—	—	—
	<u>1,542,949</u>	<u>1,333,571</u>	<u>1,195,734</u>	<u>1,287,151</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Bank loans and overdrafts	<u>1,186,849</u>	<u>1,281,595</u>	<u>1,186,849</u>	<u>1,281,595</u>

The bank borrowing is secured by a bond and floating charge over the assets of the companies within the group together with a standard security over the heritable property owned by the company.

HSB HOLDINGS LIMITED
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17. CREDITORS: Amounts falling due after more than one year (continued)

The following aggregate liabilities disclosed under creditors falling due after more than one year are due for repayment after more than five years from the balance sheet date:

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Bank loans and overdrafts	<u>247,035</u>	<u>747,597</u>	<u>247,035</u>	<u>747,597</u>

18. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Amounts payable within 1 year	79,018	53,537	12,226	10,550
Amounts payable between 1 and 2 years	56,697	51,976	8,884	5,556
Amounts payable between 3 and 5 years	49,504	-	-	-
	<u>185,219</u>	<u>105,513</u>	<u>21,110</u>	<u>16,106</u>

19. DEFERRED TAXATION

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

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Provision brought forward	56,606	46,859	-	-
Increase in provision	18,455	9,747	-	-
Provision carried forward	<u>75,061</u>	<u>56,606</u>	<u>-</u>	<u>-</u>

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

Group	2011		2010	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Excess of taxation allowances over depreciation on fixed assets	<u>75,061</u>	<u>-</u>	<u>56,606</u>	<u>-</u>

HSB HOLDINGS LIMITED
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20. COMMITMENTS UNDER OPERATING LEASES

At 30 November 2011 the group had annual commitments under non-cancellable operating leases as set out below.

Group	Assets other than Land and buildings	
	2011 £	2010 £
Operating leases which expire:		
Within 1 year	<u>17,415</u>	<u>14,520</u>

21. RELATED PARTY TRANSACTIONS

The company was under the control of the directors throughout the current and previous year.

Previously, two of the directors of Hutcheon Services Limited advanced funds to the group, and at the year end were due to receive £50,000 (2010 - £50,000) which is disclosed in the above note on Creditors: Amounts falling due within one year. These loans have no set repayment terms and do not attract interest.

During the year, the group advanced funds to Hutcheon Technical Services Limited, a company which has common ownership. At the year end, the group was due to receive £28,000 (2010 - £nil) after forgiving an amount of £53,697 (2010 - £nil).

22. SHARE CAPITAL

Allotted, called up and fully paid:

	2011		2010	
	No	£	No	£
20,000 Ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>

23. RESERVES

Group	Share premium account	Profit and loss account
	£	£
Balance brought forward	380,255	1,546,450
Profit for the year	—	186,772
Equity dividends	—	(80,000)
Balance carried forward	<u>380,255</u>	<u>1,653,222</u>

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23. RESERVES *(continued)*

Company	Share premium account £	Profit and loss account £
Balance brought forward	380,255	680,266
Profit for the year	—	74,400
Equity dividends	—	(80,000)
Balance carried forward	<u>380,255</u>	<u>674,666</u>

24. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011 £	2010 £
Profit for the financial year	186,772	235,459
Equity dividends	(80,000)	—
Net addition to shareholders' funds	<u>106,772</u>	<u>235,459</u>
Opening shareholders' funds	1,946,705	1,711,246
Closing shareholders' funds	<u>2,053,477</u>	<u>1,946,705</u>