

REGISTERED NUMBER: SC265321 (Scotland)

Financial Statements For The Year Ended 31 December 2016

for

Lareine Engineering Limited

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For The Year Ended 31 December 2016

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Lareine Engineering Limited
Company Information
For The Year Ended 31 December 2016

DIRECTORS:

T Green
G A M Alexander
T A Bates

SECRETARY:

C Buttar

REGISTERED OFFICE:

Unit 1
Armadale Industrial Estate
Armadale
Bathgate
West Lothian
EH48 2ND

REGISTERED NUMBER:

SC265321 (Scotland)

AUDITORS:

Robb Ferguson
Chartered Accountants & Statutory Auditors
Regent Court
70 West Regent Street
Glasgow
G2 2QZ

Lareine Engineering Limited (Registered number: SC265321)

Statement of Financial Position
31 December 2016

	Notes	2016 £	£	2015 £	£
FIXED ASSETS					
Intangible assets	3		52,101		68,784
Tangible assets	4		<u>580,845</u>		<u>283,505</u>
			632,946		352,289
CURRENT ASSETS					
Stocks		121,567		97,625	
Debtors	5	3,693,310		3,656,221	
Cash at bank and in hand		<u>5,953</u>		<u>399</u>	
		3,820,830		3,754,245	
CREDITORS					
Amounts falling due within one year	6	<u>2,525,385</u>		<u>2,137,215</u>	
NET CURRENT ASSETS			<u>1,295,445</u>		<u>1,617,030</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,928,391		1,969,319
CREDITORS					
Amounts falling due after more than one year	7		(247,088)		(61,939)
PROVISIONS FOR LIABILITIES			<u>(47,612)</u>		<u>(48,268)</u>
NET ASSETS			<u>1,633,691</u>		<u>1,859,112</u>
CAPITAL AND RESERVES					
Called up share capital	11		1,000		1,000
Share premium			296,233		296,233
Retained earnings			<u>1,336,458</u>		<u>1,561,879</u>
SHAREHOLDERS' FUNDS			<u>1,633,691</u>		<u>1,859,112</u>

The financial statements have been prepared and delivered in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the Board of Directors on 15 June 2017 and were signed on its behalf by:

T Green - Director

Notes to the Financial Statements
For The Year Ended 31 December 2016

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

Lareine Engineering Limited is a private company limited by shares incorporated in Scotland, United Kingdom. The address of the registered office is given in the company information on page 1 of these financial statements. The nature of the company's operations and principal activities are set out in the report of the directors on page 2.

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements are presented in pounds sterling which is the functional currency of the company.

The significant accounting policies applied in the preparation of the financial statements are set out below. The policies have been consistently applied to all years presented unless otherwise stated.

Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements as permitted by FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland';

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7

Lareine Engineering Limited is a qualifying subsidiary and has taken advantage of the reduced disclosure exemptions listed above. The parent of the group is Thomas Johnstone (Holdings) Limited and the group financial statements are available from Thomas Johnstone (Holdings) Limited, Cartside Avenue, Inchinnan Business Park, Renfrewshire, PA4 9RU.

Turnover

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer.

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. This is normally measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

Where it is probable that contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Development expenditure is written off, except where the directors are satisfied as to the technical, commercial and financial viability of the individual project. In such cases, the identifiable expenditure is capitalised as an intangible asset and amortised over the period during which the company is expected to benefit. This period is 5 years. Provision is made for any impairment.

Notes to the Financial Statements - continued
For The Year Ended 31 December 2016

1. ACCOUNTING POLICIES - continued

Tangible fixed assets

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

Plant & equipment	- 10% on cost
Fixtures & fittings	- 20% on cost
Motor vehicles	- 25% on cost
Computer equipment	- 20% on cost

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the profit and loss.

Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating to either revenue or assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

Stocks

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

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

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

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the Statement of Financial Position. Those held under hire purchase contracts are depreciated over their useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of future payments is treated as a liability.

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

Notes to the Financial Statements - continued
For The Year Ended 31 December 2016

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 profit or loss in the period to which they relate.

Loans and borrowings

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a finance transaction it is measured at present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Loans and borrowings that are classified as payable or receivable within one year on initial recognition are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

2. **EMPLOYEES AND DIRECTORS**

The average number of employees during the year was 78 .

3. **INTANGIBLE FIXED ASSETS**

	Development costs £
COST	
At 1 January 2016 and 31 December 2016	<u>83,411</u>
AMORTISATION	
At 1 January 2016	14,627
Amortisation for year	<u>16,683</u>
At 31 December 2016	<u>31,310</u>
NET BOOK VALUE	
At 31 December 2016	<u>52,101</u>
At 31 December 2015	<u>68,784</u>

Notes to the Financial Statements - continued
For The Year Ended 31 December 2016

4. TANGIBLE FIXED ASSETS

	Plant & equipment £	Fixtures & fittings £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1 January 2016	316,964	58,368	165,021	83,937	624,290
Additions	151,908	205,791	-	26,698	384,397
Disposals	-	-	(29,781)	-	(29,781)
At 31 December 2016	<u>468,872</u>	<u>264,159</u>	<u>135,240</u>	<u>110,635</u>	<u>978,906</u>
DEPRECIATION					
At 1 January 2016	202,165	34,630	85,040	18,950	340,785
Charge for year	18,438	14,168	33,938	18,079	84,623
Eliminated on disposal	-	-	(27,347)	-	(27,347)
At 31 December 2016	<u>220,603</u>	<u>48,798</u>	<u>91,631</u>	<u>37,029</u>	<u>398,061</u>
NET BOOK VALUE					
At 31 December 2016	<u>248,269</u>	<u>215,361</u>	<u>43,609</u>	<u>73,606</u>	<u>580,845</u>
At 31 December 2015	<u>114,799</u>	<u>23,738</u>	<u>79,981</u>	<u>64,987</u>	<u>283,505</u>

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

	Plant & equipment £	Motor vehicles £	Totals £
COST			
At 1 January 2016	82,116	118,052	200,168
Additions	149,956	-	149,956
Disposals	-	(19,480)	(19,480)
At 31 December 2016	<u>232,072</u>	<u>98,572</u>	<u>330,644</u>
DEPRECIATION			
At 1 January 2016	19,093	57,817	76,910
Charge for year	7,189	24,643	31,832
Eliminated on disposal	-	(13,392)	(13,392)
At 31 December 2016	<u>26,282</u>	<u>69,068</u>	<u>95,350</u>
NET BOOK VALUE			
At 31 December 2016	<u>205,790</u>	<u>29,504</u>	<u>235,294</u>
At 31 December 2015	<u>63,023</u>	<u>60,235</u>	<u>123,258</u>

5. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Trade debtors	741,401	2,028,472
Amounts recoverable on contracts	2,821,521	1,518,207
Prepayments and accrued income	130,388	109,542
	<u>3,693,310</u>	<u>3,656,221</u>

Notes to the Financial Statements - continued
For The Year Ended 31 December 2016

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£	£
Bank loans and overdrafts (see note 8)	806,923	492,710
Hire purchase contracts (see note 9)	68,873	46,127
Trade creditors	716,815	726,843
Tax	-	177,411
Social security and other taxes	83,496	103,201
VAT	313,630	97,433
Other creditors	532,648	493,490
Deferred government grants	3,000	-
	<u>2,525,385</u>	<u>2,137,215</u>

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

	2016	2015
	£	£
Bank loans (see note 8)	97,350	-
Hire purchase contracts (see note 9)	122,988	61,939
Deferred government grants	26,750	-
	<u>247,088</u>	<u>61,939</u>

Amounts falling due in more than five years:

Repayable by instalments		
Bank loans - 5+ years	<u>50,150</u>	<u>-</u>

8. LOANS

An analysis of the maturity of loans is given below:

	2016	2015
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	795,123	492,710
Bank loans	11,800	-
	<u>806,923</u>	<u>492,710</u>

Amounts falling due between one and two years:

Bank loans - 1-2 years	<u>11,800</u>	<u>-</u>
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Amounts falling due between two and five years:

Bank loans - 2-5 years	<u>35,400</u>	<u>-</u>
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Amounts falling due in more than five years:

Repayable by instalments		
Bank loans - 5+ years	<u>50,150</u>	<u>-</u>

Notes to the Financial Statements - continued
For The Year Ended 31 December 2016

9. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2016	2015
	£	£
Net obligations repayable:		
Within one year	68,873	46,127
Between one and five years	122,988	61,939
	<u>191,861</u>	<u>108,066</u>
	Non-cancellable operating leases	
	2016	2015
	£	£
Within one year	165,561	82,764
Between one and five years	566,432	194,247
In more than five years	573,000	109,500
	<u>1,304,993</u>	<u>386,511</u>

10. SECURED DEBTS

The following secured debts are included within creditors:

	2016	2015
	£	£
Bank overdrafts	795,123	492,710
Bank loans	109,150	-
Hire purchase contracts	191,861	-
	<u>1,096,134</u>	<u>492,710</u>

Santander UK Plc hold a bond and floating charge over the assets of the company.

11. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2016	2015
Number:	Class:	Nominal value:	£	£
1,000	Ordinary	£1	<u>1,000</u>	<u>1,000</u>

12. DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006

The Report of the Auditors was unqualified.

Janice Alexander (Senior Statutory Auditor)
for and on behalf of Robb Ferguson

Notes to the Financial Statements - continued
For The Year Ended 31 December 2016

13. CONTINGENT LIABILITIES

The company has entered into a cross guarantee with Santander Bank Plc over the borrowings of the following related companies; Thomas Johnstone (Holdings) Limited and Thomas Johnstone Limited. The potential liability at 31 December 2016 amounted to £382,450 (2015 - £416,250).

14. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

15. ULTIMATE PARENT COMPANY

Thomas Johnstone (Holdings) Limited (incorporated in UK) is regarded by the directors as being the company's ultimate parent company.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.