

SCOTS BEARINGS LIMITED
SC299694

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012



SCOTS BEARINGS LIMITED

COMPANY INFORMATION

Directors	David Jackson Ann Jackson
Secretary	Ann Jackson
Company number	SC299694
Registered office	Union Plaza 1 Union Wynd Aberdeen AB10 1DQ
Business address	Robert Leonard Centre Kirkhill Industrial Estate Dyce Aberdeen AB21 0GG
Registered auditors	Hall Morrice LLP 6 & 7 Queens Terrace Aberdeen AB10 1XL
Bankers	Bank of Scotland 9 Victoria Street Dyce Aberdeen AB21 7DX
Solicitors	Burness Paull & Williamsons LLP Union Plaza 1 Union Wynd Aberdeen AB10 1DQ

SCOTS BEARINGS LIMITED

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SCOTS BEARINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present their report and audited financial statements for the year ended 31 December 2012.

Principal activities and review of the business

The principal activity of the group is the distribution of bearings and transmission equipment.

Results and dividends

The consolidated profit and loss account for the year is set out on page 5.

During the year, dividends amounting to £150,000 (2011 - £150,000) were voted.

Business review

The results for the group are detailed on page 5 of the financial statements. The results for the year show an 11% increase in turnover compared with 2011 and a 14% increase in gross profit. The directors are very encouraged by the trend and continued growth is expected during 2013.

The balance sheet on page 6 shows a healthy financial position with shareholders funds increased to just over £1,000,000.

2012 saw the expansion of our Glasgow based operation with the acquisition of an 11,000 sq. ft. office/warehouse which now accommodates our bearing division, allowing our gearbox division to expand within the existing warehouse.

2013 will see the appointment of an in-house bearing technology consultant which is the first appointment of this kind within the bearing distribution industry and will allow the business to diversify into the consultancy market.

The group is on the verge of securing a contract with a major renewables company for the supply of wind turbine bearings which we hope will open up additional markets in the future in the renewables sector.

The directors are confident that the group will continue to thrive in the future through the prime focus on high quality goods and customer service at the core of the group's activities. The directors look forward to a very successful 2013.

Financial risk management

The group has very limited exposure to foreign currency exchange variations and trades primarily in its functional currency, UK£. As a result the company does not ordinarily use financial instruments to hedge foreign exchange exposure.

The key financial assets of the group are cash, bank balances and trade receivables. Any credit is primarily related to trade receivables of which the majority are with high credit rated businesses. The amounts in the balance sheet are net of any allowance for doubtful debts.

Directors

The following directors have held office since 1 January 2012:

David Jackson
Ann Jackson

Auditors

The auditors, Hall Morrice LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

SCOTS BEARINGS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

Statement of directors' responsibilities

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 of the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

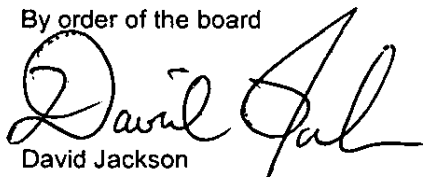
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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 company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the group's auditors are aware of that information.

By order of the board



David Jackson

Director

12 June 2013

SCOTS BEARINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SCOTS BEARINGS LIMITED

We have audited the group and parent company financial statements (the "financial statements") of Scots Bearings Limited for the year ended 31 December 2012 which comprise the Profit and loss account, the Balance sheet, the Cash flow statement and the related notes. 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 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 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 Directors' responsibilities statement as set out in the Directors' report 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 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 group's and 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 Directors' report 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 group's and parent company's affairs as at 31 December 2012 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 matter 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.

SCOTS BEARINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF SCOTS BEARINGS LIMITED

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.

Hugh H. Hall, BSc, CA

Senior Statutory Auditor

For and on behalf of Hall Morrice LLP

Statutory Auditor

Aberdeen

12 June 2013

SCOTS BEARINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £	2011 £
Turnover	2	10,304,827	9,244,629
Cost of sales		(6,536,383)	(5,956,577)
Gross profit		3,768,444	3,288,052
Administrative expenses		(3,275,760)	(2,754,045)
Other operating income		220	-
Operating profit	3	492,904	534,007
Other interest receivable and similar income		5,505	974
Interest payable and similar charges	4	(18,288)	(571)
Profit on ordinary activities before taxation		480,121	534,410
Tax on profit on ordinary activities	5	(136,695)	(160,638)
Profit on ordinary activities after taxation		343,426	373,772
Minority interests	18	(50,245)	(34,409)
Profit for the financial year	17	293,181	339,363

The profit for the year of the parent company amounted to £485,922 (2011 - £433,285).

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

SCOTS BEARINGS LIMITED

BALANCE SHEETS AS AT 31 DECEMBER 2012

	Notes	2012 £	Group 2011 £	2012 £	Company 2011 £
Fixed assets					
Intangible assets	7	281,272	365,430	-	-
Tangible assets	8	1,026,040	69,349	826,475	-
Investments	9	-	-	1,219,686	1,219,686
		<u>1,307,312</u>	<u>434,779</u>	<u>2,046,161</u>	<u>1,219,686</u>
Current assets					
Stocks	10	1,441,363	1,350,955	-	-
Debtors	11	2,084,430	1,912,159	57,116	112,005
Cash at bank and in hand		94,240	137,857	32,337	87,470
		<u>3,620,033</u>	<u>3,400,971</u>	<u>89,453</u>	<u>199,475</u>
Creditors: amounts falling due within one year	12	<u>(3,622,700)</u>	<u>(2,964,360)</u>	<u>(224,347)</u>	<u>(126,066)</u>
Net current (liabilities)/assets		<u>(2,667)</u>	<u>436,611</u>	<u>(134,894)</u>	<u>73,409</u>
Total assets less current liabilities		<u>1,304,645</u>	<u>871,390</u>	<u>1,911,267</u>	<u>1,293,095</u>
Creditors: amounts falling due after more than one year	13	<u>(282,250)</u>	<u>-</u>	<u>(282,250)</u>	<u>-</u>
Provisions for liabilities	14	<u>(17,558)</u>	<u>(11,645)</u>	<u>-</u>	<u>-</u>
Net assets		<u>1,004,837</u>	<u>859,745</u>	<u>1,629,017</u>	<u>1,293,095</u>
Capital and reserves					
Called up share capital	16	67,751	67,751	67,751	67,751
Profit and loss account	17	918,517	775,336	1,561,266	1,225,344
Shareholders' funds	19	<u>986,268</u>	<u>843,087</u>	<u>1,629,017</u>	<u>1,293,095</u>
Minority interests	18	<u>18,569</u>	<u>16,658</u>	<u>-</u>	<u>-</u>
		<u>1,004,837</u>	<u>859,745</u>	<u>1,629,017</u>	<u>1,293,095</u>

The financial statements were authorised for issue and approved by the directors on 12 June 2013

David Jackson
Director



Company Registration No. SC299694

SCOTS BEARINGS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

	£	2012 £	£	2011 £
Net cash inflow from operating activities		906,349		485,839
Returns on investments and servicing of finance				
Interest received	5,505		974	
Interest paid	(18,288)		(571)	
Dividends paid to minorities	(48,334)		(32,945)	
Net cash outflow for returns on investments and servicing of finance		(61,117)		(32,542)
Taxation		(160,387)		(103,120)
Capital expenditure				
Payments to acquire tangible assets		(1,001,396)		(17,690)
Equity dividends paid		(150,000)		(150,000)
Net cash (outflow)/inflow before financing		(466,551)		182,487
Financing				
New long term bank loan	524,000		-	
Repayment of directors loan	-		(30,492)	
Repayment of long term bank loans	(101,066)		(75,524)	
Net cash inflow/(outflow) from financing		422,934		(106,016)
(Decrease)/increase in cash in the year		(43,617)		76,471

SCOTS BEARINGS LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

1	Reconciliation of operating profit to net cash inflow from operating activities	2012	2011
		£	£
	Operating profit	492,904	534,007
	Depreciation of tangible assets	44,705	17,381
	Amortisation of intangible assets	84,158	84,158
	Increase in stocks	(90,408)	(167,698)
	Increase in debtors	(136,590)	(224,463)
	Increase in creditors within one year	511,580	242,454
	Net cash inflow from operating activities	906,349	485,839
2	Analysis of net (debt)/funds	1 January 2012	Cash flow 31 December 2012
		£	£
	Net cash:		
	Cash at bank and in hand	137,857	94,240
	Debts falling due within one year	-	(140,684)
	Debts falling due after one year	-	(282,250)
		-	(422,934)
	Net funds/(debt)	137,857	(328,694)
3	Reconciliation of net cash flow to movement in net (debt)/funds	2012	2011
		£	£
	(Decrease)/increase in cash in the year	(43,617)	76,471
	Cash (inflow)/outflow from (increase)/decrease in debt	(422,934)	106,016
	Movement in net (debt)/funds in the year	(466,551)	182,487
	Opening net funds/(debt)	137,857	(44,630)
	Closing net (debt)/funds	(328,694)	137,857

SCOTS BEARINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

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

1.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company made up to 31 December each year. Control is achieved where the company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the effective date control is transferred to the company. The assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill.

The interest of minority shareholders is stated at the minority proportion of the fair values of the assets and liabilities recognised.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Under section 408 of the Companies Act 2006 the company is exempt from the requirement to prepare its own profit and loss account.

1.3 Revenue recognition

Revenue is recognised at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of value added tax and trade discounts. The group recognises revenue generally at the time of delivery and when collection of the resulting receivable is assured. Should the company consider that the criteria for revenue recognition are not met for a transaction, revenue recognition would be delayed until such time as the transaction becomes fully earned or collectability is reasonably assured.

1.4 Goodwill

Goodwill arising on consolidation (representing the excess of fair value of the consideration given over the fair value of the assets acquired) is recognised as an asset and is amortised on a straight line basis over its useful economic life of 10 years.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets include investment properties valued by the directors on an existing use open market value basis. Other tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Investment property	Nil
Tenants improvements	20% Straight line
Computer equipment	33 1/3% Straight line
Equipment and fittings	20% Reducing balance

SCOTS BEARINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

1 Accounting policies (continued)

Investment properties are included in the balance sheet at their open market value. Depreciation is provided only on those investment properties which are leasehold and where the unexpired lease term is less than 20 years.

Although this accounting policy is in accordance with the applicable accounting standard, SSAP 19, Accounting for investment properties, it is a departure from the general requirement of the Companies Act 2006 for all tangible assets to be depreciated. In the opinion of the directors compliance with the standard is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified.

1.6 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.7 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.8 Stock

Stock is valued at the lower of cost and net realisable value.

1.9 Pension contributions

The company operates a money purchase externally funded defined contribution pension scheme covering the directors and the majority of employees. Contributions are charged against profits as the contributions are made.

1.10 Deferred taxation

Deferred tax arises as a result of including items of income and expenditure in taxation computations in periods different from those in which they are included in the Company's financial statements. Deferred tax is provided in full on timing differences which result in an obligation to pay more (or less) tax at a future date, at the average tax rates that are expected to apply when the timing differences reverse, based on current taxation 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.

1.11 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.12 Dividends

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company.

2 Turnover

The total turnover of the group for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

SCOTS BEARINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

3	Operating profit	2012	2011
		£	£
	Operating profit is stated after charging:		
	Amortisation of intangible assets	84,158	84,158
	Depreciation of tangible assets	44,705	17,381
	Loss on foreign exchange transactions	1,535	3,072
	Operating lease rentals	70,702	135,884
	Auditors' remuneration		
	- Group fees	4,500	4,500
	- Taxation	2,500	2,500
	- Subsidiaries fees	13,690	12,200
		<u>13,690</u>	<u>12,200</u>
4	Interest payable	2012	2011
		£	£
	On bank loans and overdrafts	17,380	571
	On overdue tax	908	-
		<u>18,288</u>	<u>571</u>

SCOTS BEARINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

5	Taxation	2012 £	2011 £
	Domestic current year tax		
	U.K. corporation tax	130,782	160,387
	Total current tax	130,782	160,387
	Deferred tax		
	Deferred tax charge	5,913	1,264
	Adjustment for prior years	-	(1,013)
		136,695	160,638

Factors affecting the tax charge for the year

The rate of corporation tax in the UK was reduced from 26% to 24% effective April 2012. The composite rate applied during the year is 24.50%.

The current tax charge for the year is higher than the standard rate of corporation tax in the UK (24.50%). The differences are explained below:

Profit on ordinary activities before taxation	480,121	534,410
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 24.50% (2011 - 26.50%)	117,630	141,619
Effects of:		
Non deductible expenses	8,121	28,026
Depreciation add back	31,573	4,606
Capital allowances	(16,026)	(5,548)
Non-taxable income	(1,110)	-
Other tax adjustments	(4,570)	-
Marginal relief and small companies rate	(4,836)	(8,316)
	13,152	18,768
Current tax charge for the year	130,782	160,387

6	Dividends	2012 £	2011 £
	Ordinary interim paid	150,000	150,000

SCOTS BEARINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

7 Intangible fixed assets Group

	Goodwill £
Cost	
At 1 January 2012 & at 31 December 2012	841,582
Amortisation	
At 1 January 2012	476,152
Charge for the year	84,158
At 31 December 2012	560,310
Net book value	
At 31 December 2012	281,272
At 31 December 2011	365,430

SCOTS BEARINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

8 Tangible fixed assets

Group

	Investment property £	Tenants improvements £	Computer equipment £	Equipment and fittings £	Total £
Cost					
At 1 January 2012	-	20,477	14,229	282,217	316,923
Additions	826,475	31,256	1,317	142,348	1,001,396
Disposals	-	-	(6,653)	(80,774)	(87,427)
At 31 December 2012	826,475	51,733	8,893	343,791	1,230,892
Depreciation					
At 1 January 2012	-	12,571	13,247	221,756	247,574
Charge for the year	-	6,871	572	37,262	44,705
On disposals	-	-	(6,653)	(80,774)	(87,427)
At 31 December 2012	-	19,442	7,166	178,244	204,852
Net book value					
At 31 December 2012	826,475	32,291	1,727	165,547	1,026,040
At 31 December 2011	-	7,906	982	60,461	69,349

Tangible fixed assets

Company

	Investment property £
Cost	
At 1 January 2012	-
Additions	826,475
At 31 December 2012	826,475
Depreciation	
At 1 January 2012 & at 31 December 2012	-
Net book value	
At 31 December 2012	826,475
At 31 December 2011	-

SCOTS BEARINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

9 Fixed asset investments

Company

Shares in
group
undertakings
£

Cost

At 1 January 2012 & at 31 December 2012

1,219,686

Net book value

At 31 December 2012

1,219,686

At 31 December 2011

1,219,686

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
Scots Bearings (Aberdeen) Limited	Scotland	Ordinary	100
Scots Bearings (Glasgow) Limited	Scotland	Ordinary	100
Scots Bearings (Ayrshire) Limited	Scotland	Ordinary	100
Scots Bearings (Inverness) Limited	Scotland	Ordinary	89
Scots Bearings (Dundee) Limited	Scotland	Ordinary	70

The principal activity of the subsidiary undertakings is the distribution of bearings and transmission equipment.

10 Stocks

	2012 £	Group 2011 £	2012 £	Company 2011 £
Finished goods and goods for resale	1,441,363	1,350,955	-	-

SCOTS BEARINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

11 Debtors

	2012	Group	2012	Company
	£	2011	£	2011
		£		£
Trade debtors	1,798,472	1,675,249	-	-
Amounts owed by group undertakings	-	-	40,986	67,005
Corporation tax	35,681	-	-	-
Other debtors	135,194	156,865	16,130	45,000
Prepayments and accrued income	115,083	80,045	-	-
	<u>2,084,430</u>	<u>1,912,159</u>	<u>57,116</u>	<u>112,005</u>

Amounts falling due after more than one year and included in the debtors above are:

	2012	2011	2012	2011
	£	£	£	£
Other debtors	<u>21,600</u>	<u>21,600</u>	<u>-</u>	<u>-</u>

Included in the Group's Trade debtors is an amount of £1,818,774 (2011 - £1,378,002) which is subject to an invoice discounting agreement.

Included in the the Group and Company's Other debtors is an amount due from the director, David Jackson, of £10,000 (2011 - £45,000). The maximum outstanding balance on the Directors Loan Account during the year was £70,000 and this was reached in April 2012. The loan is interest free and there are no set repayment terms.

SCOTS BEARINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

12 Creditors : amounts falling due within one year

	2012	Group	2012	Company
	£	2011	£	2011
		£		£
Bank loans and overdrafts	140,684	-	140,684	-
Trade creditors	1,467,915	1,405,092	7	-
Amounts owed to group undertakings	-	-	75,238	120,723
Corporation tax	166,463	160,387	2,506	1,201
Taxes and social security costs	225,212	202,209	-	400
Accruals and deferred income	1,622,426	1,196,672	5,912	3,742
	<u>3,622,700</u>	<u>2,964,360</u>	<u>224,347</u>	<u>126,066</u>

The bank holds a floating charge over the assets of the group. The bank also holds letters of postponement, a corporate guarantee with each of the group companies and an assignation of life insurance over the director David Jackson for £750,000 along with a guarantee and indemnity for £185,000 and interest by David Jackson.

The Bank of Scotland holds security over those trade debtor balances which have been approved for invoice discounting.

Included within Accruals and deferred income is the factor creditor account with amounted to £1,525,440 at 31 December 2012 (2011 - £1,128,363) and is secured over the book debts of the company.

SCOTS BEARINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

13 Creditors : amounts falling due after more than one year

	2012 £	Group 2011 £	2012 £	Company 2011 £
Bank loans	282,250	-	282,250	-
Analysis of loans				
Not wholly repayable within five years by instalments	142,439		142,439	
Wholly repayable within five years	138,056	-	280,495	-
	422,934	-	422,934	-
Included in current liabilities	(140,684)	-	(140,684)	-
	282,250	-	282,250	-
Loan maturity analysis				
In more than one year but not more than two years	140,684	-	140,684	-
In more than two years but not more than five years	139,811	-	139,811	-
In more than five years	142,439	-	142,439	-

The group has two bank term loans. They are both repayable by monthly instalments with the first ending in March 2014 and the second in March 2022. The interest rate for the first loan is fixed at 3.2% for the term of the loan. The interest rate for the second loan is fixed at 3.2% for the first 24 months after which it is reviewed.

SCOTS BEARINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

14 Provisions for liabilities

Group

Deferred
taxation
£

Balance at 1 January 2012	11,645
Profit and loss account	5,913
	<u>17,558</u>
Balance at 31 December 2012	<u>17,558</u>

The deferred tax liability is made up as follows:

	2012 £	Group 2011 £	2012 £	Company 2011 £
Accelerated capital allowances	17,558	11,719	-	-
Other timing differences	-	(74)	-	-
	<u>17,558</u>	<u>11,645</u>	<u>-</u>	<u>-</u>

15 Pension and other post-retirement benefit commitments

Defined contribution

	2012 £	2011 £
Contributions payable by the group for the year	21,756	19,018
Contributions payable to the fund at the year end and included in creditors	<u>-</u>	<u>(297)</u>

16 Share capital

	2012 £	2011 £
Allotted, called up and fully paid		
67,751 Ordinary shares of £1 each	<u>67,751</u>	<u>67,751</u>

SCOTS BEARINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

17 Statement of movements on profit and loss account Group

	Profit and loss account £
Balance at 1 January 2012	775,336
Profit for the financial year	293,181
Dividends	(150,000)
Balance at 31 December 2012	<u>918,517</u>

Company

	Profit and loss account £
Balance at 1 January 2012	1,225,344
Profit for the financial year	485,922
Dividends	(150,000)
Balance at 31 December 2012	<u>1,561,266</u>

18 Minority interests

	2012 £	2011 £
At 1 January 2012	16,658	15,194
Share of profits for year	50,245	34,409
Dividends	(48,334)	(32,945)
At 31 December 2012	<u>18,569</u>	<u>16,658</u>

SCOTS BEARINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

19 Reconciliation of movements in shareholders' funds	2012		2011	
	Group		£	
Profit for the financial year	293,181		339,363	
Dividends	(150,000)		(150,000)	
Net addition to shareholders' funds	143,181		189,363	
Opening shareholders' funds	843,087		653,724	
Closing shareholders' funds	986,268		843,087	
	2012		2011	
	£		£	
Profit for the financial year	485,922		433,285	
Dividends	(150,000)		(150,000)	
Net addition to shareholders' funds	335,922		283,285	
Opening shareholders' funds	1,293,095		1,009,810	
Closing shareholders' funds	1,629,017		1,293,095	

20 Financial commitments

At 31 December 2012 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2012	2011	2012	2011
	£	£	£	£
Expiry date:				
Within one year	5,000	-	44,700	19,582
Between two and five years	84,600	97,200	125,298	128,940
	89,600	97,200	169,998	148,522

SCOTS BEARINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

21 Directors and employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2012 Number	2011 Number
Administrative staff	11	11
Direct	51	40
	<u>62</u>	<u>51</u>

Employment costs

	2012 £	2011 £
Wages and salaries	1,841,001	1,529,810
Social security costs	226,169	181,261
Other pension costs	21,756	19,018
	<u>2,088,926</u>	<u>1,730,089</u>
Directors' emoluments comprise the following:		
Emoluments for qualifying services	<u>121,485</u>	<u>107,850</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (2011 - 1).

SCOTS BEARINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

22 Related party transactions

During the year the non-100% owned subsidiaries transacted with group companies as follows:

	2012	2011
	£	£
Scots Bearings (Dundee) Limited:		
Purchases and administrative recharges	235,061	102,026
Management charges incurred	48,821	30,325
Sales	3,147	16,240
Scots Bearings (Inverness) Limited:		
Purchases and administrative recharges	166,518	131,618
Management charges incurred	16,274	22,744
Sales	979	4,231

As at 31 December 2012 the following balances were payable to/(payable by) Scots Bearings (Dundee) Limited and Scots Bearings (Inverness) Limited in respect of their fellow subsidiaries:

	2012	2011
	£	£
Scots Bearings (Dundee) Limited:		
Scots Bearings Limited	65,770	39,970
Scots Bearings (Aberdeen) Limited	(30,903)	36,609
Scots Bearings (Ayrshire) Limited	4	9,000
Scots Bearings (Inverness) Limited	-	(1,998)
Scots Bearings (Glasgow) Limited	120,666	45,068
Scots Bearings (Inverness) Limited:		
Scots Bearings Limited	9,468	3,434
Scots Bearings (Aberdeen) Limited	(6,658)	(7,142)
Scots Bearings (Ayrshire) Limited	-	(7,000)
Scots Bearings (Dundee) Limited	-	1,998
Scots Bearings (Glasgow) Limited	62,776	72,085

The director, David Jackson has provided personal guarantees to the bank as security over bank overdrafts as follows:

	2012	2011
	£	£
Scots Bearings (Glasgow) Limited	40,000	40,000
Scots Bearings (Dundee) Limited	10,000	10,000
Scots Bearings (Aberdeen) Limited	12,000	12,000

In 2010 Scots Bearings (Aberdeen) Limited advanced a loan of £21,600 to the director, David Jackson's, pension scheme. Interest is charged on the loan at a rate of 4% above Bank of England base rate. The loan is due to be repaid within 5 years. Scots Bearings (Aberdeen) Limited also paid the pension scheme rent for the property of £45,000 (2011 - £45,000).

During the year the director of Scots Bearings (Dundee) Limited, Thomas Duncan, provided a letter of guarantee for £10,000 to the bank as security on the overdraft of Scots Bearings (Dundee) Limited.

As at 31 December 2012 the director, David Jackson was due the company £10,000 (2011 - £45,000).

SCOTS BEARINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

23 Control

The company was controlled throughout the current and prior year by the directors, David and Ann Jackson, by virtue of the fact that they hold 100% of the issued ordinary share capital.