

Registrar

Company Registration No. SC009364 (Scotland)

JOHN WATSON & COMPANY LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

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JOHN WATSON & COMPANY LIMITED

COMPANY INFORMATION

Directors	John M. Watson OBE Allan McDonnell Robert McLachlan
Secretary	Allan McDonnell
Company number	SC009364
Registered office	35/47 Kyle Street Glasgow G4 0JQ
Auditors	Wylie & Bisset LLP 168 Bath Street Glasgow G2 4TP
Business address	35/47 Kyle Street Glasgow G4 0JQ
Bankers	Clydesdale Bank plc 120 Bath Street Glasgow G2 2EN
Solicitors	Carruthers Gemmill and Co 81 Bath Street Glasgow

JOHN WATSON & COMPANY LIMITED

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JOHN WATSON & COMPANY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2012

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

Principal activities and review of the business

The principal activity of the company in the year under review was full colour labels/tubewraps and commercial printing.

During the year the company performed profitably and efficiently with a rise in annual turnover of 19.8% to £11,578,779. The majority of the company's activity pertained to producing varying volumes of labels and tube wraps for the discerning Scotch Whisky industry in particular and the drinks industry in general. The company still has a strong Commercial Division and full in-house design facilities. The company continues to operate in premises on two sites in Townhead, Glasgow. During the year, the company returned a profit of £345,067, the majority of which was retained in the company for re-investment.

The financial year under review was especially memorable for the company's continued move and acquired expertise into Pressure Sensitive Labels. This market was entirely new and demanding and not without considerable risk. During the year the company produced more tube and box wraps than ever before. Our specialist Design Studio carried out more rebranding exercises due to the premiumisation of the product on the world stage. Much specialist advice was sought by our extensive customer base on anti-counterfeiting measures to stop "passing off" in the market place. We remain the largest wet glue, PSL and tube wrap business in Scotland employing over 80 people over two sites in Townhead, Glasgow.

Raising the necessary finance, and obtaining the best specification of press for our discerning customer base was challenging in the extreme. This was followed by manufacture and exhaustive trials in Switzerland prior to installation and extensive training in-house. The press purchased was a Ten Colour Gallus RCS330 and is currently producing top quality labels in reel form to demanding technical specifications.

The Directors decision to move to Clydesdale Bank plc has been a great success as we believe they thoroughly understand our business.

In the year in question, we have increased our label presence in France, Ireland and Russia and are thus becoming more global ourselves. We continue to offer a full facility service from design, through multi colour printing, foiling and advanced finishing. The company also spent time in various rebranding exercises during the year to assist our clients' hopes and aspirations for their products. Labels need to be continuously updated to satisfy an increasingly discerning end user and much time has been spent with Brand Ambassadors and Marketeers in bringing labels up to date in design and legislation.

Despite a "double dip recession", certain signs are encouraging due to the emerging BRIC countries (Brazil, Russia, India and China) to the Scotch whisky market. We continue to make solid progress in difficult times and we look forward to reporting further when much of the new high end technology and more efficient procurement and IT systems will hopefully improve comparatively low levels of profitability and return on capital.

During the year 2011-2012, the company carried out £20,000 of print at no cost to Marie Curie Cancer Care in Scotland in which all the company's employees played a vital role. The company also made a donation of £2,500 to the charity to assist in the running of their new hospice facility at Stobhill Hospital, Bishopbriggs, Glasgow. We have been committed to charitable giving since 2004.

Finally, we would like to warmly thank the dedicated work force for their commitment to the company and its perceived aims and ambitions to be Scotland's premier printer in the Drinks industry.

Results and dividends

The results for the year are set out on page 5.

JOHN WATSON & COMPANY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2012

Directors

The following directors have held office since 1 April 2011:

John M Watson OBE
Allan McDonnell
Robert McLachlan

Auditors

In accordance with section 485 of the Companies Act 2006, a resolution proposing that Wylie & Bisset LLP be reappointed as auditors of the company will be put to the Annual General Meeting.

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

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

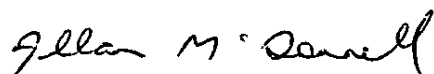
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



Allan McDonnell
Director
14 August 2012

JOHN WATSON & COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF JOHN WATSON & COMPANY LIMITED

We have audited the financial statements of JOHN WATSON & COMPANY LIMITED for the year ended 31 March 2012 set out on pages 5 to 21. 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 auditors' 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 set out on pages 1 - 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non financial information in the 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 company's affairs as at 31 March 2012 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

JOHN WATSON & COMPANY LIMITED

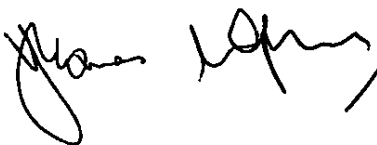
INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF JOHN WATSON & COMPANY 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Tom McGuire (Senior Statutory Auditor)
for and on behalf of Wylie & Bisset LLP

14 August 2012

Chartered Accountants
Statutory Auditor

Chartered Accountants
168 Bath Street
Glasgow
G2 4TP

JOHN WATSON & COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2012

	Notes	2012 £	2011 £
Turnover	2	11,578,779	9,661,196
Cost of sales		(8,392,959)	(6,894,918)
Gross profit		3,185,820	2,766,278
Administrative expenses		(2,707,750)	(2,351,317)
Other operating income		(18,558)	(28,081)
Operating profit	3	459,512	386,880
Other interest receivable and similar income	4	317	-
Interest payable and similar charges	5	(181,759)	(182,050)
Profit on ordinary activities before taxation		278,070	204,830
Tax on profit on ordinary activities	6	66,997	(123,103)
Profit for the year	16	345,067	81,727

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.

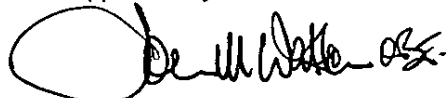
JOHN WATSON & COMPANY LIMITED

BALANCE SHEET

AS AT 31 MARCH 2012

	Notes	2012 £	2011 £
Fixed assets			
Tangible assets	7	5,619,014	5,934,351
Current assets			
Stocks	8	473,387	520,818
Debtors	9	2,991,340	2,809,166
Cash at bank and in hand		3,384	902
		<u>3,468,111</u>	<u>3,330,886</u>
Creditors: amounts falling due within one year	10	<u>(3,184,914)</u>	<u>(3,112,795)</u>
Net current assets		<u>283,197</u>	<u>218,091</u>
Total assets less current liabilities		<u>5,902,211</u>	<u>6,152,442</u>
Creditors: amounts falling due after more than one year	11	(2,870,102)	(3,438,204)
Provisions for liabilities	12		
Deferred tax liability		(820,275)	(837,471)
Accruals and deferred income	13	(158,333)	(168,333)
		<u>2,053,501</u>	<u>1,708,434</u>
Capital and reserves			
Called up share capital	15	205,000	205,000
Profit and loss account	16	1,848,501	1,503,434
Shareholders' funds	17	<u>2,053,501</u>	<u>1,708,434</u>

Approved by the Board and authorised for issue on 14 August 2012



John M. Watson OBE
Director

Company Registration No. SC009364

JOHN WATSON & COMPANY LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2012

	2012	2011
£	£	£
Net cash inflow from operating activities	763,610	255,953
Returns on investments and servicing of finance		
Interest received	317	-
Interest paid	(181,759)	(182,050)
Net cash outflow for returns on investments and servicing of finance	(181,442)	(182,050)
Taxation	67,582	(39,294)
Capital expenditure		
Payments to acquire tangible assets	(84,602)	(109,561)
Receipts from sales of tangible assets	11,417	1,000
Net cash outflow for capital expenditure	(73,185)	(108,561)
Net cash inflow/(outflow) before management of liquid resources and financing	576,565	(73,952)
Financing		
New long term bank loan	-	1,512,432
Other new short term loans	-	1,390,046
Repayment of long term bank loan	(75,163)	(43,274)
Repayment of other long term loans	(150,000)	(10,000)
Repayment of other short term loans	(23,358)	(358,992)
Capital element of hire purchase contracts	(320,300)	(1,640,746)
Net cash inflow from financing	(568,821)	849,466
Increase in cash in the year	7,744	775,514

JOHN WATSON & COMPANY LIMITED

NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2012

1	Reconciliation of operating profit to net cash inflow from operating activities	2012	2011
		£	£
	Operating profit	459,512	386,880
	Depreciation of tangible assets	383,657	324,762
	Loss on disposal of tangible assets	4,865	2,901
	Decrease in stocks	47,431	146,762
	Increase in debtors	(182,174)	(724,042)
	Increase in creditors within one year	60,319	128,690
	Movement on grant provision	(10,000)	(10,000)
	Net cash inflow from operating activities	763,610	255,953

2	Analysis of net debt	1 April 2011	Cash flow	Other non-cash changes	31 March 2012
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	902	2,482	-	3,384
	Bank overdrafts	(23,087)	5,262	-	(17,825)
		<u>(22,185)</u>	<u>7,744</u>	<u>-</u>	<u>(14,441)</u>
	Bank deposits	-	-	-	-
	Debt:				
	Finance leases	(2,039,348)	320,300	-	(1,719,048)
	Debts falling due within one year	(1,031,054)	23,358	-	(1,007,696)
	Debts falling due after one year	(1,719,158)	225,163	-	(1,493,995)
		<u>(4,789,560)</u>	<u>568,821</u>	<u>-</u>	<u>(4,220,739)</u>
	Net debt	(4,811,745)	576,565	-	(4,235,180)

JOHN WATSON & COMPANY LIMITED

NOTES TO THE CASH FLOW STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2012

3	Reconciliation of net cash flow to movement in net debt	2012 £	2011 £
	Increase in cash in the year	7,744	775,514
	Cash outflow/(inflow) from decrease/(increase) in debt and lease financing	568,821	(849,466)
	Change in net debt resulting from cash flows	576,565	(73,952)
	New finance lease	-	(2,100,000)
	Movement in net debt in the year	576,565	(2,173,952)
	Opening net debt	(4,811,745)	(2,637,793)
	Closing net debt	(4,235,180)	(4,811,745)

JOHN WATSON & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. Income is recognised as earned when, and to the extent that, the company obtains the right to consideration in exchange for its performance under contractual arrangements with its customers.

1.3 Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

1.4 Tangible fixed assets and depreciation

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 set out below.

Plant and machinery	5 - 25% Reducing balance
Fixtures, fittings & equipment	25% Reducing balance
Motor vehicles	25% Reducing balance

1.5 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account on a sum-of-the-digits basis over the period of the relevant agreement.

1.6 Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value. The provisions of FRS 5 Application Note G have been followed to value finished goods stock held at the balance sheet date.

1.7 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.8 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.9 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.

JOHN WATSON & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2012

1 Accounting policies

(continued)

1.10 Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

2 Turnover

Geographical market

	Turnover	
	2012	2011
	£	£
UK	10,596,801	8,882,190
Europe	981,978	779,006
	<u>11,578,779</u>	<u>9,661,196</u>

3 Operating profit

	2012	2011
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	383,657	324,762
Loss on disposal of tangible assets	4,865	2,901
Loss on foreign exchange transactions	28,558	38,081
Research and development	17,107	2,135
and after crediting:		
Government grants	<u>10,000</u>	<u>10,000</u>

Auditors' remuneration

Fees payable to the company's auditor for the audit of the company's annual accounts	8,000	8,000
Non Audit services	18,011	24,450
	<u>26,011</u>	<u>32,450</u>

4 Investment income

	2012	2011
	£	£
Other interest	<u>317</u>	<u>-</u>

JOHN WATSON & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2012

5	Interest payable	2012 £	2011 £
	On bank loans and overdrafts	70,411	42,813
	On other loans wholly repayable within five years	-	3,750
	Hire purchase interest	111,348	135,487
		<u>181,759</u>	<u>182,050</u>

JOHN WATSON & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2012

6	Taxation	2012 £	2011 £
	Domestic current year tax		
	U.K. corporation tax	17,781	-
	Adjustment for prior years	(67,582)	-
	Total current tax	<u>(49,801)</u>	<u>-</u>
	Deferred tax		
	Deferred tax charge/credit current year	(17,196)	301,695
	Deferred tax adjust re previous year	-	(178,592)
		<u>(17,196)</u>	<u>123,103</u>
		<u>(66,997)</u>	<u>123,103</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>278,070</u>	<u>204,830</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.00% (2011 - 28.00%)	<u>55,614</u>	<u>57,352</u>
	Effects of:		
	Non allowable expenses	11,789	20,510
	Capital allowances in excess of depreciation	(47,988)	(123,993)
	Adjustments to previous periods	(67,582)	-
	Other tax adjustments	(1,634)	46,131
		<u>(105,415)</u>	<u>(57,352)</u>
	Current tax charge for the year	<u>(49,801)</u>	<u>-</u>

The accounts do not incorporate tax claims relating to R & D amounting to £75,250. Also fees of £20,000 relating to the tax claims have not been accrued.

JOHN WATSON & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2012

7 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 April 2011	9,914,035	352,427	140,846	10,407,308
Additions	53,802	30,800	-	84,602
Disposals	-	-	(66,897)	(66,897)
At 31 March 2012	9,967,837	383,227	73,949	10,425,013
Depreciation				
At 1 April 2011	4,112,058	280,271	80,628	4,472,957
On disposals	-	-	(50,615)	(50,615)
Charge for the year	349,897	20,040	13,720	383,657
At 31 March 2012	4,461,955	300,311	43,733	4,805,999
Net book value				
At 31 March 2012	5,505,882	82,916	30,216	5,619,014
At 31 March 2011	5,801,977	72,156	60,218	5,934,351

Included above are assets held under finance leases or hire purchase contracts as follows:

	Plant and machinery	Motor vehicles	Total
	£	£	£
Net book values			
At 31 March 2012	4,421,954	-	4,421,954
At 31 March 2011	4,654,689	13,808	4,668,497
Depreciation charge for the year			
At 31 March 2012	232,734	-	232,734
At 31 March 2011	171,299	4,603	175,902

JOHN WATSON & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2012

8	Stocks and work in progress	2012 £	2011 £
	Work in progress	151,397	246,606
	Finished goods and goods for resale	321,990	274,212
		<u>473,387</u>	<u>520,818</u>

9	Debtors	2012 £	2011 £
	Trade debtors	2,871,859	2,613,268
	Other debtors	1,867	49,242
	Prepayments and accrued income	117,614	146,656
		<u>2,991,340</u>	<u>2,809,166</u>

Trade debtors include £1,751,530 of factored debts outstanding at the balance sheet date.

The company has adopted a separate presentation of factored debts in accordance with FRS 5 Application Note C.

JOHN WATSON & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2012

10 Creditors: amounts falling due within one year	2012 £	2011 £
Bank loans and overdrafts	1,025,521	1,054,141
Net obligations under hire purchase contracts	342,941	320,302
Trade creditors	1,205,314	1,189,071
Corporation tax	17,781	-
Other taxes and social security costs	271,970	264,196
Other creditors	712	23,809
Accruals and deferred income	320,675	261,276
	<u>3,184,914</u>	<u>3,112,795</u>

Included above are two loans from the bank which are to be repaid by instalments. The rates of interest applicable to the loans are LIBOR plus margin and Fixed Rate plus margin

The company's invoice finance and loan facilities are secured by the following Conditions Precedent:

- Floating Charge over the assets and undertakings of John Watson & Co Ltd.
- Floating Charge over the assets and undertakings of John Watson (Holdings) Ltd.
- Cross Guarantees between John Watson & Co Ltd and John Watson (Holdings) Ltd.
- Fixed Charge over the book debts of John Watson & Co Ltd.
- Standard Security of Business Premises at 35-47 Kyle Street, Glasgow.

JOHN WATSON & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2012

11 Creditors: amounts falling due after more than one year	2012 £	2011 £
Bank loans	1,393,995	1,469,158
Other loans	100,000	250,000
Net obligations under hire purchase contracts	1,376,107	1,719,046
	<u>2,870,102</u>	<u>3,438,204</u>
Analysis of loans		
Not wholly repayable within five years by instalments:	844,047	1,088,418
Wholly repayable within five years	1,657,644	1,661,794
	<u>2,501,691</u>	<u>2,750,212</u>
Included in current liabilities	(1,007,696)	(1,031,054)
	<u>1,493,995</u>	<u>1,719,158</u>
Instalments not due within five years	<u>844,047</u>	<u>1,088,418</u>
Loan maturity analysis		
In more than one year but not more than two years	233,974	192,140
In more than two years but not more than five years	415,974	438,600
In more than five years	<u>844,047</u>	<u>1,088,418</u>
Net obligations under hire purchase contracts		
Repayable within one year	342,941	320,302
Repayable between one and five years	1,376,107	1,719,046
	<u>1,719,048</u>	<u>2,039,348</u>
Included in liabilities falling due within one year	(342,941)	(320,302)
	<u>1,376,107</u>	<u>1,719,046</u>

JOHN WATSON & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2012

12 Provisions for liabilities

	Deferred tax liability £
Balance at 1 April 2011	837,471
Profit and loss account	(17,196)
	<u>820,275</u>
Balance at 31 March 2012	<u>820,275</u>

The deferred tax liability is made up as follows:

	2012 £	2011 £
Accelerated capital allowances	820,275	842,448
Tax losses available	-	(4,977)
	<u>820,275</u>	<u>837,471</u>

13 Accruals and deferred income

	Government grants £
Balance at 1 April 2011	168,333
Amortisation in the year	(10,000)
	<u>158,333</u>
Balance at 31 March 2012	<u>158,333</u>

14 Pension and other post-retirement benefit commitments Defined contribution

	2012 £	2011 £
Contributions payable by the company for the year	<u>52,829</u>	<u>34,290</u>

JOHN WATSON & COMPANY LIMITED

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

15 Share capital	2012 £	2011 £
Allotted, called up and fully paid 205,000 Ordinary shares of £1 each	205,000	205,000

16 Statement of movements on profit and loss account

Profit and
loss
account
£

Balance at 1 April 2011	1,503,434
Profit for the year	345,067
Balance at 31 March 2012	1,848,501

17 Reconciliation of movements in shareholders' funds

2012
£

2011
£

Profit for the financial year	345,067	81,727
Opening shareholders' funds	1,708,434	1,626,707
Closing shareholders' funds	2,053,501	1,708,434

18 Contingent liabilities

The company is subject to a Cross Guarantee, together with its parent John Watson (Holdings) Ltd, in respect of banking facilities provided by Clydesdale Bank plc.

19 Financial commitments

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

	Land and buildings 2012 £	2011 £
Expiry date: In over five years	208,000	208,000

JOHN WATSON & COMPANY LIMITED

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

20 Directors' remuneration	2012 £	2011 £
Remuneration for qualifying services	379,511	359,157
Company pension contributions to defined contribution schemes	33,814	19,374
	<u>413,325</u>	<u>378,531</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2011 - 3).

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	<u>128,818</u>	<u>132,502</u>
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21 Employees

Number of employees

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

	2012 Number	2011 Number
Workshop	68	59
Administration	13	14
Sales Representatives	2	2
	<u>83</u>	<u>75</u>

Employment costs	2012 £	2011 £
Wages and salaries	2,333,849	2,149,351
Social security costs	241,267	223,904
Other pension costs	52,829	34,290
	<u>2,627,945</u>	<u>2,407,545</u>

22 Control

The ultimate parent company is John Watson (Holdings) Limited a company incorporated in the United Kingdom.

JOHN WATSON & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2012

23 Related party relationships and transactions

Mr J M Watson OBE operated a separate current account within the company. The balance due to the director is shown in note 10 and analysed as follows:

Mr J M Watson OBE £100,000 (2011 : £250,000)

The company also operated a loan account during the year with its parent John Watson (Holdings) Ltd. The balance owed by John Watson (Holdings) Ltd to John Watson & Company Ltd at 31 March 2012 was £1,492 (2011 : £46,492). The balance forms part of Debtors due within one year disclosed in note 9 The loan balance activity during the year is summarised as follows:

Expenses incurred £nil (2011 : £202,081)

Loan advances £nil (2011 : £70,000)

Loan repayments £45,000 (2011 : £nil)