

Company Registration No. SC009364 (Scotland)

JOHN WATSON & COMPANY LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2009

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JOHN WATSON & COMPANY LIMITED

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JOHN WATSON & COMPANY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2009

The directors present their report and financial statements for the year ended 31 March 2009.

Principal activities and review of the business

The principle activity of the company in the year under review was full colour label/tubewrap and commercial printing.

During the year the company performed profitably and efficiently with a marginal increase in annual turnover to £9,659,892. The majority of the company's activity pertained to producing varying volumes of label 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 facility.

The company continues to operate in premises on two sites in Townhead, Glasgow. As reported in previous years, alternative sites and industrial accommodation have been researched thoroughly but due to the significant costs involved it was decided not to continue down this path.

Like most businesses, there are a range of risks and uncertainties facing the company and the matters described below are not intended to be an exhaustive list of all possible risks and uncertainties. Generally, the company is subject to risk factors including global and economic conditions, competitive developments, supply interruption, regulatory changes, materials and consumables prices, fuel prices, environmental risks and litigation.

The print industry continues to operate in difficult times and the wet glue label sector in particular continues to experience problems with low and often unsustainable profit margins, due to over-capacity and globalisation. However, the company has continued to embrace Lean Manufacturing Methods at every opportunity and is still able to compete favourably with its wide and varied discerning blue chip client base.

In the year in question we have increased our label business 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 signs are encouraging due to the emergence of the 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 technology and more efficient procurement and IT systems will hopefully assist the low level of profitability.

Results and dividends

The results for the year are set out on page 4.

Market value of land and buildings

Full disclosure of all matters relating to fixed assets is set out in the notes to the financial statements.

Directors

The following directors have held office since 1 April 2008:

John M Watson OBE
Allan McDonnell
Robert McLachlan

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Wylie & Bisset LLP be reappointed as auditors of the company will be put to the Annual General Meeting.

JOHN WATSON & COMPANY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2009

Statement of directors' responsibilities

The directors are responsible for preparing 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). The financial statements are required by law to 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 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 proper accounting records that 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 1985. 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
8 January 2010

JOHN WATSON & COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO JOHN WATSON & COMPANY LIMITED

UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 4 to 15, together with the financial statements of JOHN WATSON & COMPANY LIMITED for the year ended 31 March 2009 prepared under section 226 of the Companies Act 1985.

This report is made solely to the company in accordance with section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an auditors' report on abbreviated accounts 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, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246A(3) of the Act to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with that provision and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Bulletin 2006/3 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts have been properly prepared in accordance with that provision.

Wylie & Bisset LLP

8 January 2010

**Chartered Accountants
Registered Auditor**

168 Bath Street
Glasgow
G2 4TP

JOHN WATSON & COMPANY LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2009

	Notes	2009 £	2008 £
Gross profit		2,716,664	2,808,300
Administrative expenses		(2,212,638)	(2,400,466)
Operating profit	2	504,026	407,834
Interest payable and similar charges	3	(233,851)	(158,515)
Profit on ordinary activities before taxation		270,175	249,319
Tax on profit on ordinary activities	4	(65,931)	(176,735)
Profit for the year	13	204,244	72,584

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

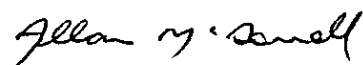
ABBREVIATED BALANCE SHEET

AS AT 31 MARCH 2009

	Notes	2009 £	£	2008 £	£
Fixed assets					
Tangible assets	5	4,318,857		4,737,079	
Current assets					
Stocks	6	439,888		636,106	
Debtors	7	2,363,984		2,652,210	
Cash at bank and in hand		396		166	
		<u>2,804,268</u>		<u>3,288,482</u>	
Creditors: amounts falling due within one year	8	<u>(3,089,959)</u>		<u>(3,688,108)</u>	
Net current liabilities		<u>(285,691)</u>		<u>(399,626)</u>	
Total assets less current liabilities		4,033,166		4,337,453	
Creditors: amounts falling due after more than one year		(1,617,972)		(2,123,484)	
Provisions for liabilities	9				
Deferred tax liability		(698,803)		(687,649)	
Accruals and deferred income	10	<u>(188,333)</u>		<u>(202,506)</u>	
		<u>1,528,058</u>		<u>1,323,814</u>	
Capital and reserves					
Called up share capital	12	205,000		205,000	
Profit and loss account	13	<u>1,323,058</u>		<u>1,118,814</u>	
Shareholders' funds	14	<u>1,528,058</u>		<u>1,323,814</u>	

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

Approved by the Board and authorised for issue on 8 January 2010



Allan McDonnell
Director

Company Registration No. SC009364

JOHN WATSON & COMPANY LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2009

	2009	2008
	£	£
Net cash inflow from operating activities	917,733	616,960
Returns on investments and servicing of finance		
Interest paid	(233,851)	(158,515)
Net cash outflow for returns on investments and servicing of finance	(233,851)	(158,515)
Taxation	128,367	(133,825)
Capital expenditure		
Payments to acquire tangible assets	(35,574)	(181,599)
Receipts from sales of tangible assets	207,750	19,050
Net cash inflow/(outflow) for capital expenditure	172,176	(162,549)
Net cash inflow before management of liquid resources and financing	984,425	162,071
Financing		
Government grant received	-	200,000
Capital element of hire purchase contracts	(745,058)	(359,855)
Net cash outflow from financing	(745,058)	(159,855)
Increase in cash in the year	239,367	2,216

JOHN WATSON & COMPANY LIMITED

NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2009

1	Reconciliation of operating profit to net cash inflow from operating activities	2009		2008	
		£		£	
	Operating profit	504,026		407,834	
	Depreciation of tangible assets	372,114		420,475	
	(Profit)/loss on disposal of tangible assets	(98,012)		7,646	
	Decrease/(increase) in stocks	196,218		(133,061)	
	Decrease in debtors	159,859		58,418	
	Decrease in creditors within one year	(202,299)		(51,555)	
	Movement on grant provision	(14,173)		(92,797)	
	Net cash inflow from operating activities	917,733		616,960	
2	Analysis of net debt	1 April 2008	Cash flow	Other non-cash changes	31 March 2009
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	166	230	-	396
	Bank overdrafts	(1,085,260)	239,137	-	(846,123)
		(1,085,094)	239,367	-	(845,727)
	Bank deposits	-	-	-	-
	Debt:				
	Finance leases	(2,840,680)	717,002	-	(2,123,678)
	Debts falling due after one year	(100,000)	-	-	(100,000)
		(2,940,680)	717,002	-	(2,223,678)
	Net debt	(4,025,774)	956,369	-	(3,069,405)
3	Reconciliation of net cash flow to movement in net debt	2009		2008	
		£		£	
	Increase in cash in the year	239,367		2,216	
	Cash outflow/(inflow) from decrease/(increase) in debt and lease financing	717,002		(2,248,073)	
	Movement in net debt in the year	956,369		(2,245,857)	
	Opening net debt	(4,025,774)		(1,779,917)	
	Closing net debt	(3,069,405)		(4,025,774)	

JOHN WATSON & COMPANY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2009

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 also been followed in valuing stock and work in progress 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 ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2009

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 Operating profit	2009 £	2008 £
Operating profit is stated after charging:		
Depreciation of tangible assets	372,114	420,475
Loss on disposal of tangible assets	-	7,646
Research and development	57,566	3,792
Auditors' remuneration (including expenses and benefits in kind)	17,900	19,290
and after crediting:		
Government grants	14,173	42,797
Profit on disposal of tangible assets	(98,012)	-
Profit on foreign exchange transactions	(44,004)	(4,466)

3 Interest payable	2009 £	2008 £
On bank loans and overdrafts	59,524	89,696
On other loans wholly repayable within five years	7,500	7,500
Hire purchase interest	166,827	61,319
	<u>233,851</u>	<u>158,515</u>

JOHN WATSON & COMPANY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2009

4	Taxation	2009 £	2008 £
	Domestic current year tax		
	U.K. corporation tax	54,777	-
	Adjustment for prior years	-	(128,367)
	Current tax charge	54,777	(128,367)
	Deferred tax		
	Deferred tax charge/credit current year	11,154	305,102
		65,931	176,735
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	270,175	249,319
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2008 - 0.00%)	75,649	-
	Effects of:		
	Non allowable expenses	149,566	140,266
	Capital allowances in excess of depreciation	(79,315)	(804,810)
	Adjustments to previous periods	-	(128,367)
	Other tax adjustments	(91,123)	664,544
		(20,872)	(128,367)
	Current tax charge	54,777	(128,367)

JOHN WATSON & COMPANY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2009

5 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 April 2008	9,093,369	281,639	195,245	9,570,253
Additions	-	34,430	29,200	63,630
Disposals	(1,390,983)	-	(77,708)	(1,468,691)
At 31 March 2009	7,702,386	316,069	146,737	8,165,192
Depreciation				
At 1 April 2008	4,545,733	209,615	77,826	4,833,174
On disposals	(1,306,321)	-	(52,632)	(1,358,953)
Charge for the year	316,463	25,778	29,873	372,114
At 31 March 2009	3,555,875	235,393	55,067	3,846,335
Net book value				
At 31 March 2009	4,146,511	80,676	91,670	4,318,857
At 31 March 2008	4,547,636	72,024	117,419	4,737,079

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 2009	3,458,105	24,548	3,482,653
At 31 March 2008	2,799,382	25,102	2,824,484
Depreciation charge for the year			
At 31 March 2009	184,552	3,507	188,059
At 31 March 2008	149,558	8,367	157,925

JOHN WATSON & COMPANY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2009

6	Stocks and work in progress	2009	2008
		£	£
	Work in progress	266,264	408,448
	Finished goods and goods for resale	173,624	227,658
		<u>439,888</u>	<u>636,106</u>
7	Debtors	2009	2008
		£	£
	Trade debtors	2,248,668	2,421,028
	Corporation tax	-	128,367
	Prepayments and accrued income	115,316	102,815
		<u>2,363,984</u>	<u>2,652,210</u>
8	Creditors: amounts falling due within one year	2009	2008
		£	£
	Bank loans and overdrafts	846,123	1,085,260
	Net obligations under hire purchase contracts	605,706	817,196
	Trade creditors	639,340	1,012,761
	Amounts owed to parent and fellow subsidiary undertakings	79,419	128,799
	Corporation tax	54,777	-
	Other taxes and social security costs	222,422	180,236
	Other creditors	7,194	33,040
	Accruals and deferred income	634,978	430,816
		<u>3,089,959</u>	<u>3,688,108</u>

Included in creditors is a bank overdraft payable within one year amounting to £846,123 (2008-£1,085,260) which is secured by a bond and floating charge over the company's assets and those of the parent company John Watson (Holdings) Limited. In addition the parent company has granted a fixed charge over its freehold property and a guarantee of £950,000.

JOHN WATSON & COMPANY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2009

9 Provisions for liabilities

	Deferred tax liability £
Balance at 1 April 2008	687,649
Profit and loss account	11,154
	<u>698,803</u>
Balance at 31 March 2009	<u>698,803</u>

The deferred tax liability is made up as follows:

	2009 £	2008 £
Accelerated capital allowances	700,903	689,899
Tax losses available	(2,100)	(2,250)
	<u>698,803</u>	<u>687,649</u>

10 Accruals and deferred income

	Government grants £
Balance at 1 April 2008	202,506
Amortisation in the year	(14,173)
	<u>188,333</u>
Balance at 31 March 2009	<u>188,333</u>

11 Pension and other post-retirement benefit commitments Defined contribution

	2009 £	2008 £
Contributions payable by the company for the year	<u>67,292</u>	<u>121,185</u>

JOHN WATSON & COMPANY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2009

12 Share capital	2009	2008
	£	£
Authorised		
205,000 Ordinary shares of £1 each	205,000	205,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
205,000 Ordinary shares of £1 each	205,000	205,000
	<u> </u>	<u> </u>
 13 Statement of movements on profit and loss account		Profit and loss account £
Balance at 1 April 2008		1,118,814
Profit for the year		204,244
		<u> </u>
Balance at 31 March 2009		1,323,058
		<u> </u>
 14 Reconciliation of movements in shareholders' funds	2009	2008
	£	£
Profit for the financial year	204,244	72,584
Opening shareholders' funds	1,323,814	1,251,230
	<u> </u>	<u> </u>
Closing shareholders' funds	1,528,058	1,323,814
	<u> </u>	<u> </u>

JOHN WATSON & COMPANY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2009

15 Directors' emoluments	2009 £	2008 £
Emoluments for qualifying services	394,232	366,573
Company pension contributions to money purchase schemes	13,509	66,362
	<u>407,741</u>	<u>432,935</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 3 (2008 - 3).

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

Emoluments for qualifying services	<u>146,739</u>	<u>171,184</u>
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16 Employees

Number of employees

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

	2009 Number	2008 Number
Workshop	57	63
Administration	15	16
Sales Representatives	2	3
	<u>74</u>	<u>82</u>

Employment costs	2009 £	2008 £
Wages and salaries	2,251,285	2,398,165
Social security costs	230,033	257,290
Other pension costs	67,292	121,185
	<u>2,548,610</u>	<u>2,776,640</u>

17 Ultimate parent company

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