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KELVINSIDE ELECTRONICS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2012

Company Registration Number SC105407

KELVINSIDE ELECTRONICS LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 30 NOVEMBER 2012

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KELVINSIDE ELECTRONICS LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 30 NOVEMBER 2012

The board of directors	D R Baird I Ferguey
Company secretary	D R Baird
Business address	2 Gavell Road Kilsyth G65 9BS
Registered office	2 Gavell Road Kilsyth G65 9BS
Auditor	RSM Tenon Audit Limited 48 St Vincent Street Glasgow G2 5TS
Accountants	RSM Tenon Limited Accountants and Business Advisers 48 St Vincent Street Glasgow G2 5TS

KELVINSIDE ELECTRONICS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 30 NOVEMBER 2012

The directors present their report and the financial statements of the company for the year ended 30 November 2012.

Principal activities and business review

The principal activities of the company during the year were designing, manufacturing and repairing electronic equipment.

Pre tax profits increased from £298,049 to £697,629.

At the year end the company had shareholder funds of £3,246,993 including distributable profits of £2,825,249. The directors therefore believe the company's position to be satisfactory.

The directors have assessed the main risk facing the company as being the competition from other companies within the industry. The directors believe that the reputation of the company and the quality of the products will mitigate this risk.

The directors have seen continuing satisfactory trading results in the year following this accounting period and expect these to continue going forward

Results and dividends

The profit for the year, after taxation, amounted to £524,066. The directors have not recommended a dividend.

Financial risk management objectives and policies

The company finances its operations through a mixture of retained profits and operational bank accounts, and where necessary to fund expansion or capital expenditure programmes through bank borrowings and hire purchase. The management's objectives are to:

- retain sufficient liquid funds to enable it to meet its day to day obligations as they fall due whilst maximising returns on surplus funds;
- minimise the company's exposure to fluctuating interest rates when seeking new borrowings; and
- match the repayment schedule of any external borrowings or overdrafts with the future cash flows expected to arise from the company's trading activities.

The company is exposed to the normal credit risk associated with dealing with customers on commercial credit terms.

Directors

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

D R Baird
I Ferguey

KELVINSIDE ELECTRONICS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 NOVEMBER 2012

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 year.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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.

In so far as the directors are, individually, aware:

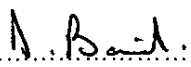
- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor

RSM Tenon Audit Limited are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Signed on behalf of the directors


.....
D R Baird
Director

Approved by the directors on 27/3/13.....

KELVINSIDE ELECTRONICS LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
KELVINSIDE ELECTRONICS LIMITED
YEAR ENDED 30 NOVEMBER 2012

We have audited the financial statements of Kelvininside Electronics Limited for the year ended 30 November 2012 on pages 6 to 20. 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 annual 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 company's affairs as at 30 November 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 matters prescribed by the Companies Act 2006

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

KELVINSIDE ELECTRONICS LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
KELVINSIDE ELECTRONICS LIMITED *(continued)*
YEAR ENDED 30 NOVEMBER 2012

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report.

David Holt, Senior Statutory Auditor
For and on behalf of

David Holt

RSM Tenon Audit Limited
Statutory Auditor
48 St Vincent Street
Glasgow
G2 5TS

29/8/13

KELVINSIDE ELECTRONICS LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 NOVEMBER 2012

	Note	2012 £	2011 £
Turnover	2	8,236,530	8,016,354
Cost of sales		(4,666,705)	(4,829,626)
Gross profit		<u>3,569,825</u>	<u>3,186,728</u>
Administrative expenses		(2,917,893)	(2,880,374)
Other operating income		58,946	6,146
Operating profit	3	<u>710,878</u>	<u>312,500</u>
Income from investments	6	243	1,059
Interest receivable and similar income		1,094	701
Interest payable and similar charges	7	(14,586)	(16,211)
Profit on ordinary activities before taxation		<u>697,629</u>	<u>298,049</u>
Tax on profit on ordinary activities	8	(173,563)	(31,512)
Profit for the financial year		<u><u>524,066</u></u>	<u><u>266,537</u></u>

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

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

The notes on pages 9 to 20 form part of these financial statements.

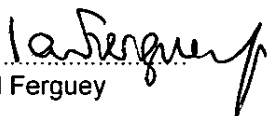
KELVINSIDE ELECTRONICS LIMITED

Registered Number SC105407

BALANCE SHEET**30 NOVEMBER 2012**

	Note	2012 £	£	2011 £	£
Fixed assets					
Tangible assets	9		2,976,144		3,161,437
Investments	10		95,503		84,984
			<u>3,071,647</u>		<u>3,246,421</u>
Current assets					
Stocks	11	1,593,741		1,959,646	
Debtors	12	1,545,312		1,448,718	
Cash at bank and in hand		1,746,138		1,267,011	
		<u>4,885,191</u>		<u>4,675,375</u>	
Creditors: Amounts falling due within one year	13	(4,094,274)		(4,429,979)	
Net current assets			790,917		245,396
Total assets less current liabilities			<u>3,862,564</u>		<u>3,491,817</u>
Creditors: Amounts falling due after more than one year	14		(463,199)		(542,152)
Provisions for liabilities					
Deferred taxation	16		—		(15,420)
Government grants	17		(152,372)		(211,318)
			<u>3,246,993</u>		<u>2,722,927</u>
Capital and reserves					
Called-up share capital	21		6,579		6,579
Share premium account	22		65,923		65,923
Revaluation reserve	23		345,492		348,386
Capital redemption reserve	24		3,750		3,750
Profit and loss account	25		2,825,249		2,298,289
Shareholders' funds	26		<u>3,246,993</u>		<u>2,722,927</u>

These financial statements were approved by the directors and authorised for issue on 27/8/13, and are signed on their behalf by:


I Ferguey

The notes on pages 9 to 20 form part of these financial statements.

KELVINSIDE ELECTRONICS LIMITED

CASH FLOW STATEMENT

YEAR ENDED 30 NOVEMBER 2012

	Note	2012 £	£	2011 £	£
Net cash inflow from operating activities	27		915,306		766,670
Returns on investments and Servicing of finance					
Interest received		1,094		701	
Interest paid		<u>(14,586)</u>		<u>(16,211)</u>	
Net cash outflow from returns on investments and servicing of finance			(13,492)		(15,510)
Taxation			(77,031)		(160,730)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(45,282)		(160,846)	
Receipts from sale of fixed assets		<u>579</u>		<u>1,208</u>	
Net cash outflow for capital expenditure and financial investment			(44,703)		(159,638)
Cash inflow before financing			780,080		430,792
Financing					
Repayment of bank loans		<u>(76,806)</u>		<u>(74,088)</u>	
Net cash outflow from financing			(76,806)		(74,088)
Increase in cash	27		<u>703,274</u>		<u>356,704</u>

The notes on pages 9 to 20 form part of these financial statements.

KELVINSIDE ELECTRONICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 NOVEMBER 2012

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

Turnover

The turnover shown in the profit and loss account represents net invoiced sales of goods, excluding value added tax. Revenue is recognised when the significant risks and rewards of ownership have been transferred to a third party, the amount of revenue can be measured reliably, and it is probable that the economic benefits associated with the transaction will flow to the company.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Cost represents purchase price together with any incidental costs of acquisition

Assets that have been revalued are subject to subsequent revaluations in the fifth year following the previous revaluation, or when there are indications of a significant change in the value of the revalued assets. The valuations are performed by a qualified external valuer and internally in the interim years. The basis of the valuation is open market value.

Revaluation surpluses are taken to the revaluation reserve. Deficits on subsequent revaluations are charged to the profit and loss account if they are considered to arise as a result of the consumption of the economic benefits provided by the asset. Other deficits on revaluation are charged to the revaluation reserve up to the amount of the associated revaluation surplus. Any excess deficits are charged to the profit and loss account.

Depreciation

Depreciation is calculated so as to write off the cost or revaluation of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Land and Buildings	- 2% on cost
Plant and Machinery	- 15% on cost
Fixtures and Fittings	- 20% on cost
Motor Vehicles	- 25% on cost

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost of stock items is calculated using the first in first out basis. Cost represents the purchase price of those stocks.

Work in progress

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

KELVINSIDE ELECTRONICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 NOVEMBER 2012

1. Accounting policies *(continued)*

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value, and are depreciated in accordance with the above depreciation policies.

Future instalments payable under such agreements, net of finance charges, are included within creditors. Rentals payable are apportioned between the capital element, which reduces the outstanding obligation included within creditors, and the finance element, which is charged to the profit and loss account on a straight line basis.

Operating lease agreements

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

Pension costs

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

Deferred taxation

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

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

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

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Non-monetary assets and liabilities and transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

KELVINSIDE ELECTRONICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 NOVEMBER 2012

1. Accounting policies (continued)

Financial instruments

Financial instruments are classified and accounted for as financial assets, financial liabilities or equity instruments, according to the substance of the contractual arrangement.

Financial instruments which are assets are stated at cost less any provision for impairment. Financial liabilities are stated at principal capital amounts outstanding at the period end. Issue costs relating to financial liabilities are deducted from the outstanding balance and are amortised over the period to the due date for repayment of the financial liability.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. A financial liability is any contractual arrangement for an entity to deliver cash to the holder of the associated financial instrument.

Fixed assets investments

Fixed asset investments are included in the balance sheet at market value. Any movement during the year is reflected through the profit and loss account.

Deferred government grants

Deferred government grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate.

2. Turnover

The turnover and profit before tax are attributable to the principal activities of the company.

An analysis of turnover is given below:

	2012	2011
	£	£
United Kingdom	8,064,883	8,011,922
Overseas	171,647	4,432
	<u>8,236,530</u>	<u>8,016,354</u>

3. Operating profit

Operating profit is stated after charging/(crediting):

	2012	2011
	£	£
Amortisation of government grants	(58,946)	(6,146)
Depreciation of owned fixed assets	221,720	206,958
Profit on disposal of fixed assets	(2,000)	(1,208)
Auditors remuneration	9,000	14,000
Operating lease costs:		
- Other	9,464	2,819
Movement on investment	<u>10,276</u>	<u>(4,612)</u>

KELVINSIDE ELECTRONICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 NOVEMBER 2012

4. Particulars of employees

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

	2012	2011
	No	No
Number of production staff	73	67
Number of administrative staff	9	9
Number of management staff	2	2
	<u>84</u>	<u>78</u>

The aggregate payroll costs of the above were:

	2012	2011
	£	£
Wages and salaries	1,712,144	1,745,910
Social security costs	176,198	170,104
Other pension costs	301,882	300,577
	<u>2,190,224</u>	<u>2,216,591</u>

5. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were:

	2012	2011
	£	£
Remuneration receivable	297,742	272,570
Value of company pension contributions to defined contribution schemes	200,000	280,000
	<u>497,742</u>	<u>552,570</u>

Remuneration of highest paid director:

	2012	2011
	£	£
Total remuneration (excluding pension contributions)	174,698	150,062
Value of company pension contributions to defined contribution schemes	100,000	150,000
	<u>274,698</u>	<u>300,062</u>

The number of directors on whose behalf the company made pension contributions was as follows:

	2012	2011
	No	No
Defined contribution schemes	<u>2</u>	<u>2</u>

6. Income from fixed asset investments

	2012	2011
	£	£
Dividend received	<u>243</u>	<u>1,059</u>

KELVINSIDE ELECTRONICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 NOVEMBER 2012

7. Interest payable and similar charges

	2012	2011
	£	£
Interest payable on bank borrowing	<u>14,586</u>	<u>16,211</u>

8. Taxation on ordinary activities

(a) Analysis of charge in the year

	2012	2011
	£	£
In respect of the year:		
UK Corporation tax	188,983	77,031
Over provision in prior year	<u>-</u>	<u>(416)</u>
	188,983	76,615
Deferred tax:		
Origination and reversal of timing differences	<u>(15,420)</u>	<u>(45,103)</u>
Tax on profit on ordinary activities	<u>173,563</u>	<u>31,512</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 24% (2011 - 26%).

	2012	2011
	£	£
Profit on ordinary activities before taxation	<u>697,629</u>	<u>298,049</u>
Profit on ordinary activities by rate of tax	167,431	77,493
Effects of:		
Expenses not deductible for tax purposes	(12,531)	2,564
Capital allowances for period in excess of depreciation	36,925	12,639
Tax chargeable at lower rates	(2,842)	(15,665)
Adjustments to tax charge in respect of previous periods	<u>-</u>	<u>(416)</u>
Total current tax (note 8(a))	<u>188,983</u>	<u>76,615</u>

(c) Factors that may affect future tax charges

In accordance with the company's accounting policy, no provision has been made for deferred tax on gains recognised on revaluing property to its market value. The total amount unprovided is £nil.

KELVINSIDE ELECTRONICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 NOVEMBER 2012

9. Tangible fixed assets

	Land and Buildings £	Plant and Machinery £	Fixtures and Fittings £	Motor Vehicles £	Total £
Cost or valuation					
At 1 December 2011	3,085,784	1,551,918	230,292	13,647	4,881,641
Additions	1,500	40,592	3,190	–	45,282
Disposals	–	(9,200)	–	(13,647)	(22,847)
At 30 November 2012	<u>3,087,284</u>	<u>1,583,310</u>	<u>233,482</u>	<u>–</u>	<u>4,904,076</u>
Depreciation					
At 1 December 2011	200,627	1,296,701	209,229	13,647	1,720,204
Charge for the year	63,170	143,934	14,616	–	221,720
On disposals	–	(345)	–	(13,647)	(13,992)
At 30 November 2012	<u>263,797</u>	<u>1,440,290</u>	<u>223,845</u>	<u>–</u>	<u>1,927,932</u>
Net book value					
At 30 November 2012	<u>2,823,487</u>	<u>143,020</u>	<u>9,637</u>	<u>–</u>	<u>2,976,144</u>
At 30 November 2011	<u>2,885,157</u>	<u>255,217</u>	<u>21,063</u>	<u>–</u>	<u>3,161,437</u>

The company's existing heritable property was valued on 21 April 2009 by Bell Ingram, a RICS firm of Property Valuers, on an open market basis at £1,300,000. The value of the extension to the existing property which was completed during the year is stated at cost. The directors have reviewed the valuation of the property, including the value of extensions and consider the value as recorded in the financial statements as at 30 November 2012 to be reasonable.

In respect of certain fixed assets stated at valuations, the comparable historical cost and depreciation values are as follows:

	2012 £	2011 £
Net book value at end of year	<u>1,184,880</u>	<u>1,213,880</u>
Historical cost	<u>1,183,382</u>	<u>1,183,283</u>
Depreciation:		
At 1 December 2011	317,789	294,123
Charge for year	23,666	23,666
At 30 November 2012	<u>341,455</u>	<u>317,789</u>
Net historical cost value:		
At 30 November 2012	<u>841,927</u>	<u>865,494</u>
At 1 December 2011	<u>865,593</u>	<u>889,160</u>

KELVINSIDE ELECTRONICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 NOVEMBER 2012

10. Investments

	Investments £
Cost	
At 1 December 2011	108,480
Additions	243
At 30 November 2012	<u>108,723</u>
Amounts written off	
At 1 December 2011	23,496
Written off in prior years written back	(10,276)
At 30 November 2012	<u>13,220</u>
Net book value	
At 30 November 2012	<u>95,503</u>
At 30 November 2011	<u>84,984</u>

All the investments are unlisted and are stated at market value.

11. Stocks

	2012 £	2011 £
Raw materials	1,550,091	1,887,078
Work in progress	43,650	72,568
	<u>1,593,741</u>	<u>1,959,646</u>

12. Debtors

	2012 £	2011 £
Trade debtors	1,484,962	1,400,904
Prepayments and accrued income	60,350	47,814
	<u>1,545,312</u>	<u>1,448,718</u>

13. Creditors: Amounts falling due within one year

	2012 £	2011 £
Bank loans and overdrafts	81,091	303,091
Trade creditors	612,404	800,852
Taxation and social security	565,671	399,669
Directors' loan accounts	2,761,341	2,812,702
Accruals and deferred income	73,767	113,665
	<u>4,094,274</u>	<u>4,429,979</u>

KELVINSIDE ELECTRONICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 NOVEMBER 2012

13. Creditors: Amounts falling due within one year (continued)

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

	2012 £	2011 £
Bank loans and overdrafts	<u>81,091</u>	<u>303,091</u>

14. Creditors: Amounts falling due after more than one year

	2012 £	2011 £
Bank loans and overdrafts	<u>463,199</u>	<u>542,152</u>

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

	2012 £	2011 £
Bank loans and overdrafts	<u>463,199</u>	<u>542,152</u>

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

	2012 £	2011 £
Bank loans and overdrafts	<u>127,300</u>	<u>214,565</u>

All bank borrowings are secured by way of a standard security over the company's property at Gavell Road, Kilsyth.

15. Creditors - capital instruments

Creditors include finance capital which is due for repayment as follows:

	2012 £	2011 £
Amounts repayable:		
In one year or less or on demand	78,676	76,529
In more than one year but not more than two years	80,823	78,676
In more than two years but not more than five years	255,352	248,911
In more than five years	127,300	214,565
	<u>542,151</u>	<u>618,681</u>

All amounts payable relate to a bank loan, which is repayable in monthly instalments. Interest is charged on the loan at 2% above The Co-operative Bank p.l.c base rate.

KELVINSIDE ELECTRONICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 NOVEMBER 2012

16. Deferred taxation

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

	2012	2011
	£	£
At 1 December 2011	15,420	60,523
Profit and loss account movement arising during the year	(15,420)	(45,103)
At 30 November 2012	<u>-</u>	<u>15,420</u>

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

	2012	2011
	£	£
Excess of taxation allowances over depreciation on fixed assets	<u>-</u>	<u>15,420</u>

17. Government grants

	2012	2011
	£	£
Received and receivable:		
At 1 December 2011	307,320	390,629
Fully amortised	<u>-</u>	<u>(83,309)</u>
At 30 November 2012	<u>307,320</u>	<u>307,320</u>
Amortisation:		
At 1 December 2011	96,002	173,165
Grants fully amortised	<u>-</u>	<u>(83,309)</u>
Credit to profit and loss account	58,946	6,146
At 30 November 2012	<u>154,948</u>	<u>96,002</u>
Net balance at 30 November 2012	<u>152,372</u>	<u>211,318</u>

18. Commitments under operating leases

At 30 November 2012 the company had annual commitments under non-cancellable operating leases as set out below.

	Other	Other
	2012	2011
	£	£
Operating leases which expire:		
Within 2 to 5 years	<u>7,636</u>	<u>3,844</u>

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19. Contingent liability

HMRC is enquiring into various tax planning strategies set up by the company between 2004 and 2010. The directors have formed the view, after taking advice, that legal precedent is in the company's favour and that it will be concluded that no additional taxation liabilities will arise to the company in respect of these strategies. No provision has thus been made for any future economic outflows in this matter. It may take several years before the position is finally established and as such there is a possibility, which the directors have assessed as more than remote, that further taxation liabilities will arise. Whilst HMRC has issued PAYE and NIC determinations showing a net tax liability of £3.3m, it is not possible at this stage to predict with any reasonable degree of certainty the likelihood of further sums being payable, the amount of such sums or the date on which they could become payable.

20. Related party transactions

On 20 February 2012, the company issued loan notes amounting to £516,161 to D R Baird, a director of the company. The loan notes bear interest at 3% and are unsecured. Prior to the year end, D R Baird sold these loan notes to a party which is not a related party to the company.

During the year the company made a loan amounting to £516,161 to D R Baird. The loan was unsecured, non-interest bearing and repayable within four calendar months. Prior to 30 November 2012 the loan was repaid in full.

No further transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8 other than as disclosed in note 14.

21. Share capital

Allotted, called up and fully paid:

	2012		2011	
	No	£	No	£
Ordinary shares of £1 each	<u>6,579</u>	<u>6,579</u>	<u>6,579</u>	<u>6,579</u>

22. Share premium account

	2012	2011
	£	£
Share premium account	<u>65,923</u>	<u>65,923</u>

23. Revaluation reserve

	2012	2011
	£	£
Balance brought forward	348,386	351,280
Transfer to the profit and loss account	(2,894)	(2,894)
Balance carried forward	<u>345,492</u>	<u>348,386</u>

24. Capital redemption reserve

	2012	2011
	£	£
Capital redemption reserve	<u>3,750</u>	<u>3,750</u>

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25. Profit and loss account

	2012 £	2011 £
Balance brought forward	2,298,289	2,028,858
Profit for the financial year	524,066	266,537
Transfer from revaluation reserve	2,894	2,894
Balance carried forward	<u>2,825,249</u>	<u>2,298,289</u>

26. Reconciliation of movements in shareholders' funds

	2012 £	2011 £
Net addition to shareholders' funds	524,066	266,537
Opening shareholders' funds	2,722,927	2,456,390
Closing shareholders' funds	<u>3,246,993</u>	<u>2,722,927</u>

27. Notes to the cash flow statement

Reconciliation of operating profit to net cash inflow from operating activities

	2012 £	2011 £
Operating profit	710,878	312,500
Depreciation	221,720	206,958
Profit on disposal of fixed assets	(2,000)	(1,208)
Amortisation of government grants	(58,946)	(6,146)
Decrease in stocks	365,905	323,779
(Increase)/decrease in debtors	(86,318)	17,034
Decrease in creditors	(225,657)	(90,859)
Movement in valuation of investments	(10,276)	4,612
Net cash inflow from operating activities	<u>915,306</u>	<u>766,670</u>

Reconciliation of net cash flow to movement in net funds

	2012 £	£	2011 £	£
Increase in cash in the period	703,274		356,704	
Net cash outflow from bank loans	<u>76,806</u>		<u>74,088</u>	
Change in net funds		<u>780,080</u>		<u>430,792</u>
Net funds at 1 December 2011		421,768		(9,024)
Net funds at 30 November 2012		<u>1,201,848</u>		<u>421,768</u>

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27. Notes to the cash flow statement (continued)

Analysis of changes in net funds

	At 1 December 2011 £	Cash flows £	At 30 November 2012 £
Net cash:			
Cash in hand and at bank	1,267,011	479,127	1,746,138
Overdrafts	(226,562)	224,147	(2,415)
	<u>1,040,449</u>	<u>703,274</u>	<u>1,743,723</u>
Debt:			
Debt due within 1 year	(76,529)	(2,147)	(78,676)
Debt due after 1 year	(542,152)	78,953	(463,199)
	<u>(618,681)</u>	<u>76,806</u>	<u>(541,875)</u>
Net funds	<u>421,768</u>	<u>780,080</u>	<u>1,201,848</u>

28. Ultimate controlling party

The company was under the control of D R Baird, director, throughout the current and previous year by virtue of his majority shareholding in the company.