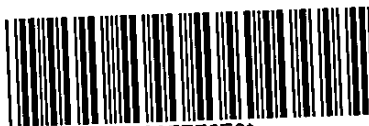


**STRATEGIC REPORT, DIRECTORS' REPORT AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2013
FOR
KELVINSIDE ELECTRONICS LIMITED**

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KELVINSIDE ELECTRONICS LIMITED
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FOR THE YEAR ENDED 30 NOVEMBER 2013

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KELVINSIDE ELECTRONICS LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 30 NOVEMBER 2013

DIRECTORS: I Ferguey
D Baird

SECRETARY: D Baird

REGISTERED OFFICE: 2 Gavell Road
Kilsyth
Glasgow
Strathclyde
G65 9BS

REGISTERED NUMBER: SC105407 (Scotland)

AUDITORS: Consilium Audit Limited
169 West George Street
Glasgow
G2 2LB

KELVINSIDE ELECTRONICS LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 30 NOVEMBER 2013

The directors present their strategic report for the year ended 30 November 2013.

REVIEW OF BUSINESS

At the year end the company had shareholders funds of £3,877,596 including distributable profits of £3,458,746. The directors therefore believe the company's position to be satisfactory.

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

PRINCIPAL RISKS AND UNCERTAINTIES

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.

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.

ON BEHALF OF THE BOARD:

.....*Ian Ferguey*.....
I Ferguey - Director

Date:*26/8/14*.....

KELVINSIDE ELECTRONICS LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 NOVEMBER 2013

The directors present their report with the financial statements of the Company for the year ended 30 November 2013.

PRINCIPAL ACTIVITY

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

DIVIDENDS

No dividends will be distributed for the year ended 30 November 2013.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 December 2012 to the date of this report.

I Ferguey
D Baird

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 AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

Baker Tilly Audit Limited (formerly RSM Tenon Audit Limited) resigned as auditors in February 2014 and Consilium Audit Limited were appointed as the Company's new auditors.

The auditors, Consilium Audit Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

.....
I Ferguey - Director

Date: 26/8/14

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
KELVINSIDE ELECTRONICS LIMITED**

We have audited the financial statements of Kelvinside Electronics Limited for the year ended 30 November 2013 on pages five to sixteen. 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 a Report of the Auditors 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 Statement of Directors' Responsibilities set out on page three, 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 Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2013 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.

Consilium Audit Limited

David Holt (Senior Statutory Auditor)
for and on behalf of Consilium Audit Limited
169 West George Street
Glasgow
G2 2LB

Date: 26/8/14

KELVINSIDE ELECTRONICS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 NOVEMBER 2013

	Notes	2013 £	£	2012 £	£
TURNOVER	2		7,627,406		8,236,530
Cost of sales			<u>4,319,592</u>		<u>4,666,705</u>
GROSS PROFIT			3,307,814		3,569,825
Administrative expenses			<u>2,501,098</u>		<u>2,917,893</u>
			806,716		651,932
Other operating income			<u>4,546</u>		<u>58,946</u>
OPERATING PROFIT	5		811,262		710,878
Income from fixed asset investments		219		243	
Interest receivable and similar income		14,956		1,094	
Interest payable and similar charges	6	<u>(6,266)</u>		<u>(14,586)</u>	
			<u>8,909</u>		<u>(13,249)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			820,171		697,629
Tax on profit on ordinary activities	7		<u>189,568</u>		<u>173,563</u>
PROFIT FOR THE FINANCIAL YEAR			<u><u>630,603</u></u>		<u><u>524,066</u></u>

CONTINUING OPERATIONS

None of the Company's activities were acquired or discontinued during the current year or previous year.

TOTAL RECOGNISED GAINS AND LOSSES

The Company has no recognised gains or losses other than the profits for the current year or previous year.

NOTE OF HISTORICAL COST PROFITS AND LOSSES

The difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis is not material.

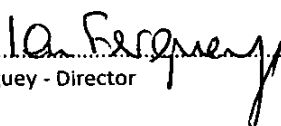
The notes form part of these financial statements

KELVINSIDE ELECTRONICS LIMITED (REGISTERED NUMBER: SC105407)

BALANCE SHEET
30 NOVEMBER 2013

		2013	2012
	Notes	£	£
FIXED ASSETS			
Tangible assets	8	2,938,736	2,976,144
Investments	9	-	95,503
		<u>2,938,736</u>	<u>3,071,647</u>
CURRENT ASSETS			
Stocks	10	1,595,244	1,593,741
Debtors	11	1,711,503	1,545,312
Cash at bank and in hand		<u>1,832,415</u>	<u>1,746,138</u>
		5,139,162	4,885,191
CREDITORS			
Amounts falling due within one year	12	<u>4,047,990</u>	<u>4,094,274</u>
NET CURRENT ASSETS		<u>1,091,172</u>	<u>790,917</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,029,908</u>	<u>3,862,564</u>
CREDITORS			
Amounts falling due after more than one year	13	-	(463,199)
PROVISIONS FOR LIABILITIES	17	<u>(152,312)</u>	<u>(152,372)</u>
NET ASSETS		<u><u>3,877,596</u></u>	<u><u>3,246,993</u></u>
CAPITAL AND RESERVES			
Called up share capital	18	6,579	6,579
Share premium	19	65,923	65,923
Revaluation reserve	19	342,598	345,492
Capital redemption reserve	19	3,750	3,750
Profit and loss account	19	<u>3,458,746</u>	<u>2,825,249</u>
SHAREHOLDERS' FUNDS	23	<u><u>3,877,596</u></u>	<u><u>3,246,993</u></u>

The financial statements were approved by the Board of Directors on 26/8/14 and were signed on its behalf by:


Ian Ferguey - Director

The notes form part of these financial statements

KELVINSIDE ELECTRONICS LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 NOVEMBER 2013

		2013		2012	
	Notes	£	£	£	£
Net cash inflow from operating activities	24		748,451		915,306
Returns on investments and servicing of finance	25		8,690		(13,492)
Taxation			(188,983)		(77,031)
Capital expenditure and financial investment	25		<u>62,409</u>		<u>(44,703)</u>
			630,567		780,080
Financing	25		<u>(541,875)</u>		<u>(76,806)</u>
Increase in cash in the period			<u>88,692</u>		<u>703,274</u>
<hr/>					
Reconciliation of net cash flow to movement in net funds	26				
Increase in cash in the period		88,692		703,274	
Cash outflow from decrease in debt		<u>541,875</u>		<u>76,806</u>	
Change in net funds resulting from cash flows			<u>630,567</u>		<u>780,080</u>
Movement in net funds in the period			630,567		780,080
Net funds at 1 December			<u>1,201,848</u>		<u>421,768</u>
Net funds at 30 November			<u>1,832,415</u>		<u>1,201,848</u>

The notes form part of these financial statements

KELVINSIDE ELECTRONICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2013

1. ACCOUNTING POLICIES

Accounting convention

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

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- 2% on cost
Plant and machinery	- 15% on cost
Fixtures and fittings	- 20% 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.

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.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost is calculated using the first-in first-out method and includes the normal cost of transporting stock to its present location and condition.

Work in progress

Work in progress is valued on the basis of direct material and labour costs plus attributable overheads based on a 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.

Deferred tax

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.

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.

KELVINSIDE ELECTRONICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 NOVEMBER 2013

1. ACCOUNTING POLICIES - continued

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.

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 asset 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 credited to the profit and loss account over the estimated useful life of the assets to which they relate.

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.

2. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the Company.

An analysis of turnover by geographical market is given below:

	2013 £	2012 £
United Kingdom	7,474,858	8,064,883
Overseas	<u>152,548</u>	<u>171,647</u>
	<u>7,627,406</u>	<u>8,236,530</u>

3. STAFF COSTS

	2013 £	2012 £
Wages and salaries	1,647,178	1,712,144
Social security costs	165,490	176,198
Other pension costs	<u>128,003</u>	<u>301,882</u>
	<u>1,940,671</u>	<u>2,190,224</u>

KELVINSIDE ELECTRONICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 NOVEMBER 2013

3. **STAFF COSTS - continued**

The average monthly number of employees during the year was as follows:

	2013	2012
Number of production staff	63	73
Number of administrative staff	9	9
Number of management staff	<u>2</u>	<u>2</u>
	<u>74</u>	<u>84</u>

4. **DIRECTORS' EMOLUMENTS**

	2013	2012
	£	£
Directors' remuneration	333,782	297,742
Directors' pension contributions to money purchase schemes	<u>40,000</u>	<u>200,000</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>2</u>	<u>2</u>
------------------------	----------	----------

Information regarding the highest paid director is as follows:

	2013	2012
	£	£
Emoluments etc	199,274	174,698
Pension contributions to money purchase schemes	<u>-</u>	<u>100,000</u>

5. **OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	2013	2012
	£	£
Depreciation - owned assets	76,342	221,375
Profit on disposal of fixed assets	-	(2,000)
Auditors' remuneration	9,000	9,000
Operating lease costs - other	18,081	9,464
Amortisation of government grants	(4,546)	(58,946)
Movement on investment	<u>5,621</u>	<u>10,276</u>

6. **INTEREST PAYABLE AND SIMILAR CHARGES**

	2013	2012
	£	£
Bank interest	<u>6,266</u>	<u>14,586</u>

KELVINSIDE ELECTRONICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 NOVEMBER 2013

7. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2013 £	2012 £
Current tax:		
UK corporation tax	185,082	188,983
Deferred tax	<u>4,486</u>	<u>(15,420)</u>
Tax on profit on ordinary activities	<u>189,568</u>	<u>173,563</u>

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2013 £	2012 £
Profit on ordinary activities before tax	<u>820,171</u>	<u>697,629</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23% (2012 - 24%)	188,639	167,431
Effects of:		
Expenses not deductible for tax purposes	(1,861)	(12,531)
Depreciation in excess of capital allowances	1,273	36,925
Tax chargeable at lower rates	<u>(2,969)</u>	<u>(2,842)</u>
Current tax charge	<u>185,082</u>	<u>188,983</u>

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.

8. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Totals £
COST OR VALUATION				
At 1 December 2012	3,087,284	1,583,310	233,482	4,904,076
Additions	<u>-</u>	<u>28,850</u>	<u>10,084</u>	<u>38,934</u>
At 30 November 2013	<u>3,087,284</u>	<u>1,612,160</u>	<u>243,566</u>	<u>4,943,010</u>
DEPRECIATION				
At 1 December 2012	263,797	1,440,290	223,845	1,927,932
Charge for year	<u>61,746</u>	<u>7,290</u>	<u>7,306</u>	<u>76,342</u>
At 30 November 2013	<u>325,543</u>	<u>1,447,580</u>	<u>231,151</u>	<u>2,004,274</u>
NET BOOK VALUE				
At 30 November 2013	<u>2,761,741</u>	<u>164,580</u>	<u>12,415</u>	<u>2,938,736</u>
At 30 November 2012	<u>2,823,487</u>	<u>143,020</u>	<u>9,637</u>	<u>2,976,144</u>

KELVINSIDE ELECTRONICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 NOVEMBER 2013

8. TANGIBLE FIXED ASSETS - continued

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 a prior 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 2013 to be reasonable.

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

	2014 £	2013 £
Cost	<u>1,183,283</u>	<u>1,183,283</u>
Aggregate depreciation	<u>365,121</u>	<u>341,455</u>

9. FIXED ASSET INVESTMENTS

	Unlisted investments £
COST	
At 1 December 2012	108,723
Additions	219
Disposals	<u>(108,942)</u>
At 30 November 2013	-
PROVISIONS	
At 1 December 2012	13,220
Eliminated on disposal	(7,599)
Provision written back	<u>(5,621)</u>
At 30 November 2013	-
NET BOOK VALUE	
At 30 November 2013	-
At 30 November 2012	<u>95,503</u>

10. STOCKS

	2013 £	2012 £
Raw materials	1,555,260	1,550,091
Work-in-progress	<u>39,984</u>	<u>43,650</u>
	<u>1,595,244</u>	<u>1,593,741</u>

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £	2012 £
Trade debtors	1,677,076	1,484,962
Prepayments and accrued income	<u>34,427</u>	<u>60,350</u>
	<u>1,711,503</u>	<u>1,545,312</u>

KELVINSIDE ELECTRONICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 NOVEMBER 2013

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £	2012 £
Bank loans and overdrafts (see note 14)	-	81,091
Trade creditors	818,056	612,404
Tax	185,082	188,983
Social security and other taxes	46,951	47,162
VAT	220,699	329,526
Directors' loan accounts	2,723,491	2,761,341
Accruals and deferred income	53,711	73,767
	<u>4,047,990</u>	<u>4,094,274</u>

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

	2013 £	2012 £
Bank loans (see note 14)	<u>-</u>	<u>463,199</u>

14. LOANS

An analysis of the maturity of loans is given below:

	2013 £	2012 £
Amounts falling due within one year or on demand:		
Bank overdrafts	-	2,415
Bank loans	<u>-</u>	<u>78,676</u>
	<u>-</u>	<u>81,091</u>
Amounts falling due between one and two years:		
Bank loans	<u>-</u>	<u>80,823</u>
Amounts falling due between two and five years:		
Bank loans	<u>-</u>	<u>255,076</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans	<u>-</u>	<u>127,300</u>

15. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

	Other operating leases	
	2013 £	2012 £
Expiring:		
Within one year	2,242	-
Between one and five years	<u>20,300</u>	<u>7,636</u>
	<u>22,542</u>	<u>7,636</u>

KELVINSIDE ELECTRONICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 NOVEMBER 2013

16. SECURED DEBTS

The following secured debts are included within creditors:

	2013 £	2012 £
Bank loans	-	541,875

17. PROVISIONS FOR LIABILITIES

	2013 £	2012 £
Deferred tax		
Accelerated capital allowances	7,314	-
Other timing differences	(2,828)	-
Government grants	147,826	152,372
	152,312	152,372

	Deferred tax £	Government grants £
Balance at 1 December 2012	-	152,372
Charge/(credit) to profit and loss account during year	4,486	(4,546)
Balance at 30 November 2013	4,486	147,826

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2013 £	2012 £
6,579	Ordinary	1	6,579	6,579

19. RESERVES

	Profit and loss account £	Share premium £	Revaluation reserve £	Capital redemption reserve £	Totals £
At 1 December 2012	2,825,249	65,923	345,492	3,750	3,240,414
Profit for the year	630,603	-	-	-	630,603
Transfer from the revaluation reserve	2,894	-	(2,894)	-	-
At 30 November 2013	3,458,746	65,923	342,598	3,750	3,871,017

KELVINSIDE ELECTRONICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 NOVEMBER 2013

20. CONTINGENT LIABILITIES

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 £3.5m, 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.

21. RELATED PARTY DISCLOSURES

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8 other than as disclosed in note 12.

22. ULTIMATE CONTROLLING PARTY

The controlling party is D Baird.

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

23. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2013 £	2012 £
Profit for the financial year	630,603	524,066
Net addition to shareholders' funds	630,603	524,066
Opening shareholders' funds	3,246,993	2,722,927
Closing shareholders' funds	3,877,596	3,246,993

24. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2013 £	2012 £
Operating profit	811,262	710,878
Depreciation charges	76,342	221,720
Profit on disposal of fixed assets	-	(2,000)
Movement in valuation of investments	(5,621)	(10,276)
Government grants	(4,546)	(58,946)
(Increase)/decrease in stocks	(1,503)	365,905
Increase in debtors	(166,191)	(86,318)
Increase/(decrease) in creditors	38,708	(225,657)
Net cash inflow from operating activities	748,451	915,306

25. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2013 £	2012 £
Returns on investments and servicing of finance		
Interest received	14,956	1,094
Interest paid	(6,266)	(14,586)
Net cash inflow/(outflow) for returns on investments and servicing of finance	8,690	(13,492)

KELVINSIDE ELECTRONICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 NOVEMBER 2013

25. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT - continued

	2013 £	2012 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(38,934)	(45,282)
Sale of tangible fixed assets	-	579
Sale of fixed asset investments	<u>101,343</u>	<u>-</u>
Net cash inflow/(outflow) for capital expenditure and financial investment	<u>62,409</u>	<u>(44,703)</u>
Financing		
Loan repayments in year	<u>(541,875)</u>	<u>(76,806)</u>
Net cash outflow from financing	<u>(541,875)</u>	<u>(76,806)</u>

26. ANALYSIS OF CHANGES IN NET FUNDS

	At 1/12/12 £	Cash flow £	At 30/11/13 £
Net cash:			
Cash at bank and in hand	1,746,138	86,277	1,832,415
Bank overdraft	<u>(2,415)</u>	<u>2,415</u>	<u>-</u>
	<u>1,743,723</u>	<u>88,692</u>	<u>1,832,415</u>
Debt:			
Debts falling due within one year	(78,676)	78,676	-
Debts falling due after one year	<u>(463,199)</u>	<u>463,199</u>	<u>-</u>
	<u>(541,875)</u>	<u>541,875</u>	<u>-</u>
Total	<u>1,201,848</u>	<u>630,567</u>	<u>1,832,415</u>