

**STRATEGIC REPORT, DIRECTORS' REPORT AND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2014  
FOR  
KELVINSIDE ELECTRONICS LIMITED**

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**KELVINSIDE ELECTRONICS LIMITED**

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FOR THE YEAR ENDED 30 NOVEMBER 2014**

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**KELVINSIDE ELECTRONICS LIMITED**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 30 NOVEMBER 2014**

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**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 2014**

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The directors present their strategic report for the year ended 30 November 2014.

**REVIEW OF BUSINESS**

At the year end the Company had shareholders funds of £4,559,623 including distributable profits of £4,143,667. 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.

**GROUP STRUCTURE**

On 28 August 2014 a new holding company, Kelvinside Electronics (Number 1) Limited, was established and on 9 October 2014 the shareholders exchanged their shares in this company for shares in the new holding company.

**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.

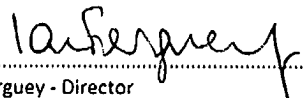
**FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

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 the Company 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:**

  
.....  
I Ferguey - Director

Date: 31<sup>st</sup> August 2015

**KELVINSIDE ELECTRONICS LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 NOVEMBER 2014**

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The directors present their report with the financial statements of the Company for the year ended 30 November 2014.

**PRINCIPAL ACTIVITY**

The principal activity 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 2014.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 December 2013 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.

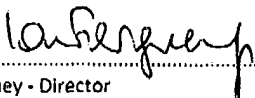
**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

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**

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: 31<sup>st</sup> AUGUST 2015

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

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We have audited the financial statements of Kelvinside Electronics Limited for the year ended 30 November 2014 on pages five to fifteen. 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 2014 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: 31/8/15

**KELVINSIDE ELECTRONICS LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 30 NOVEMBER 2014**

		<b>2014</b>		<b>2013</b>	
	<b>Notes</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>TURNOVER</b>	2		7,560,638		7,627,406
Cost of sales			<u>4,178,085</u>		<u>4,319,592</u>
<b>GROSS PROFIT</b>			3,382,553		3,307,814
Administrative expenses			<u>2,498,432</u>		<u>2,501,098</u>
			884,121		806,716
Other operating income			<u>4,536</u>		<u>4,546</u>
<b>OPERATING PROFIT</b>	5		888,657		811,262
Income from fixed asset investments		-		219	
Interest receivable and similar income		3,718		14,956	
Interest payable and similar charges	6	-		(6,266)	
			<u>3,718</u>		<u>8,909</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>			892,375		820,171
Tax on profit on ordinary activities	7		<u>210,348</u>		<u>189,568</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>			<u><u>682,027</u></u>		<u><u>630,603</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.

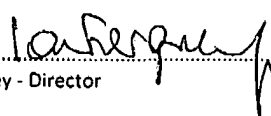
The notes form part of these financial statements

KELVINSIDE ELECTRONICS LIMITED (REGISTERED NUMBER: SC105407)

BALANCE SHEET  
30 NOVEMBER 2014

	Notes	2014 £	2013 £
<b>FIXED ASSETS</b>			
Tangible assets	8	2,858,339	2,938,736
<b>CURRENT ASSETS</b>			
Stocks	9	1,941,026	1,595,244
Debtors	10	1,861,853	1,711,503
Investments	11	1,000,000	-
Cash at bank and in hand		1,379,150	1,832,415
		<u>6,182,029</u>	<u>5,139,162</u>
<b>CREDITORS</b>			
Amounts falling due within one year	12	<u>4,329,364</u>	<u>4,047,990</u>
<b>NET CURRENT ASSETS</b>		<u>1,852,665</u>	<u>1,091,172</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>4,711,004</u>	<u>4,029,908</u>
<b>PROVISIONS FOR LIABILITIES</b>	14	<u>151,381</u>	<u>152,312</u>
<b>NET ASSETS</b>		<u><u>4,559,623</u></u>	<u><u>3,877,596</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	6,579	6,579
Share premium	16	65,923	65,923
Revaluation reserve	16	339,704	342,598
Capital redemption reserve	16	3,750	3,750
Profit and loss account	16	<u>4,143,667</u>	<u>3,458,746</u>
<b>SHAREHOLDERS' FUNDS</b>	21	<u><u>4,559,623</u></u>	<u><u>3,877,596</u></u>

The financial statements were approved by the Board of Directors on 31<sup>st</sup> Aug. 2015 and were signed on its behalf by:

  
I Ferguey - Director

The notes form part of these financial statements



**KELVINSIDE ELECTRONICS LIMITED**

**CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 30 NOVEMBER 2014**

		2014	2013
	Notes	£	£
<b>Net cash inflow from operating activities</b>	22	785,850	748,451
<b>Returns on investments and servicing of finance</b>	23	3,718	8,690
<b>Taxation</b>		(185,082)	(188,983)
<b>Capital expenditure and financial investment</b>	23	(1,033,085)	62,409
		(428,599)	630,567
<b>Financing</b>	23	(24,666)	(541,875)
<b>(Decrease)/increase in cash in the period</b>		(453,265)	88,692
<hr/>			
<b>Reconciliation of net cash flow to movement in net funds</b>	24		
(Decrease)/increase in cash in the period		(453,265)	88,692
Cash outflow from decrease in debt		-	541,875
Change in net funds resulting from cash flows		(453,265)	630,567
<b>Movement in net funds in the period</b>		(453,265)	630,567
<b>Net funds at 1 December</b>		1,832,415	1,201,848
<b>Net funds at 30 November</b>		1,379,150	1,832,415

The notes form part of these financial statements

**KELVINSIDE ELECTRONICS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 NOVEMBER 2014**

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**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 and services, 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.

**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.

**KELVINSIDE ELECTRONICS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 NOVEMBER 2014**

**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.

**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.

**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.

**Current asset investments**

Current asset investments are held at the lower of cost and net realisable value.

**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:

	2014	2013
	£	£
United Kingdom	7,298,226	7,474,858
Overseas	262,412	152,548
	<u>7,560,638</u>	<u>7,627,406</u>

**KELVINSIDE ELECTRONICS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 NOVEMBER 2014**

**3. STAFF COSTS**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Wages and salaries	1,640,474	1,647,178
Social security costs	173,274	165,490
Other pension costs	130,748	128,003
	<u>1,944,496</u>	<u>1,940,671</u>

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

	<b>2014</b>	<b>2013</b>
Number of production staff	64	63
Number of administrative staff	9	9
Number of management staff	2	2
	<u>75</u>	<u>74</u>

**4. DIRECTORS' EMOLUMENTS**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Directors' remuneration	339,747	333,782
Directors' pension contributions to money purchase schemes	40,000	40,000
	<u>379,747</u>	<u>373,782</u>

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

Money purchase schemes	<u>2</u>	<u>2</u>
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Information regarding the highest paid director is as follows:

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Emoluments etc	<u>203,409</u>	<u>199,274</u>

**5. OPERATING PROFIT**

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

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Other operating leases	24,787	18,081
Depreciation - owned assets	113,482	76,342
Auditors' remuneration	9,000	9,000
Amortisation of government grants	(4,536)	(4,546)
Movement on fixed asset investment	-	5,621
	<u>142,733</u>	<u>102,498</u>

**6. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Bank loan interest	<u>-</u>	<u>6,266</u>

**KELVINSIDE ELECTRONICS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 NOVEMBER 2014**

**7. TAXATION**

**Analysis of the tax charge**

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

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Current tax:		
UK corporation tax	206,743	185,082
Deferred tax	3,605	4,486
Tax on profit on ordinary activities	<u>210,348</u>	<u>189,568</u>

**Factors affecting the tax charge**

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

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before tax	<u>892,375</u>	<u>820,171</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23% (2013 - 23%)	205,246	188,639
Effects of:		
Expenses not deductible for tax purposes	4,140	(1,861)
Depreciation in excess of capital allowances	12,480	1,273
Tax chargeable at lower rates	(15,123)	(2,969)
Current tax charge	<u>206,743</u>	<u>185,082</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**

	<b>Freehold property</b>	<b>Plant and machinery</b>	<b>Fixtures and fittings</b>	<b>Totals</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>COST OR VALUATION</b>				
At 1 December 2013	3,087,284	1,612,160	243,566	4,943,010
Additions	-	26,910	6,175	33,085
At 30 November 2014	<u>3,087,284</u>	<u>1,639,070</u>	<u>249,741</u>	<u>4,976,095</u>
<b>DEPRECIATION</b>				
At 1 December 2013	325,543	1,447,580	231,151	2,004,274
Charge for year	62,916	48,799	1,767	113,482
At 30 November 2014	<u>388,459</u>	<u>1,496,379</u>	<u>232,918</u>	<u>2,117,756</u>
<b>NET BOOK VALUE</b>				
At 30 November 2014	<u>2,698,825</u>	<u>142,691</u>	<u>16,823</u>	<u>2,858,339</u>
At 30 November 2013	<u>2,761,741</u>	<u>164,580</u>	<u>12,415</u>	<u>2,938,736</u>

**KELVINSIDE ELECTRONICS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 NOVEMBER 2014**

**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 2014 to be reasonable.

Subsequent to the year end on, 1 December 2014, the Company transferred the property to its new parent company, Kelvinside Electronics (Number 1) Limited at its net book value.

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

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

**9. STOCKS**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Raw materials	1,903,012	1,555,260
Work-in-progress	<u>38,014</u>	<u>39,984</u>
	<u>1,941,026</u>	<u>1,595,244</u>

**10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Trade debtors	1,821,791	1,677,076
Prepayments and accrued income	<u>40,062</u>	<u>34,427</u>
	<u>1,861,853</u>	<u>1,711,503</u>

**11. CURRENT ASSET INVESTMENTS**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Other investments	<u>1,000,000</u>	<u>-</u>

The market value of the investments at 30 November 2014 was £1,023,988.

**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Trade creditors	1,107,999	818,056
Tax	206,743	185,082
Social security and other taxes	43,368	46,951
VAT	171,951	220,699
Directors' loan accounts	2,698,825	2,723,491
Accruals and deferred income	<u>100,478</u>	<u>53,711</u>
	<u>4,329,364</u>	<u>4,047,990</u>

Loans to directors are interest free, unsecured and repayable on demand.

KELVINSIDE ELECTRONICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 NOVEMBER 2014

13. OPERATING LEASE COMMITMENTS

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

	Other operating leases	
	2014	2013
	£	£
Expiring:		
Within one year	948	2,242
Between one and five years	16,508	20,300
	<u>17,456</u>	<u>22,542</u>

14. PROVISIONS FOR LIABILITIES

	2014	2013
	£	£
Deferred tax		
Accelerated capital allowances	8,091	7,314
Other timing differences	-	(2,828)
Government grants	143,290	147,826
	<u>151,381</u>	<u>152,312</u>
	Deferred tax	Government grants
	£	£
Balance at 1 December 2013	4,486	147,826
Charge/(credit) to Profit and Loss Account during year	3,605	(4,536)
	<u>8,091</u>	<u>143,290</u>

15. CALLED UP SHARE CAPITAL

Allotted and issued:			2014	2013
Number:	Class:	Nominal value:	£	£
6,579	Share capital 1	£1	<u>6,579</u>	<u>6,579</u>

Ordinary shares of £1 were issued during the year

16. RESERVES

	Profit and loss account	Share premium	Revaluation reserve	Capital redemption reserve	Totals
	£	£	£	£	£
At 1 December 2013	3,458,746	65,923	342,598	3,750	3,871,017
Profit for the year	682,027	-	-	-	682,027
Transfer from the revaluation reserve	2,894	-	(2,894)	-	-
At 30 November 2014	<u>4,143,667</u>	<u>65,923</u>	<u>339,704</u>	<u>3,750</u>	<u>4,553,044</u>

**KELVINSIDE ELECTRONICS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 NOVEMBER 2014**

**17. ULTIMATE PARENT COMPANY**

Kelvinside Electronics (Number 1) Limited is regarded by the directors as being the Company's ultimate parent company.

On 28 August 2014 a new holding company, Kelvinside Electronics (Number 1) Limited, was established and on 9 October 2014 the shareholders exchanged their shares in this company for shares in the new holding company.

**18. 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 issued tax determinations on the Company a number of years ago, the directors believe that there is no current basis to quantify with any degree of certainty the magnitude or timing of any potential exposure, including the level of potential penalties and interest that may arise should any liability crystallise in the future. The directors continue to assess the likelihood of any liability crystallising as being more than remote.

**19. 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.

**20. ULTIMATE CONTROLLING PARTY**

The ultimate controlling party is D Baird.

The Company was under the control of D Baird throughout the current and previous year by virtue of his interest in the issued share capital of the ultimate parent company, Kelvinside Electronics (Number 1) Limited.

**21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Profit for the financial year	682,027	630,603
<b>Net addition to shareholders' funds</b>	<b>682,027</b>	<b>630,603</b>
Opening shareholders' funds	3,877,596	3,246,993
<b>Closing shareholders' funds</b>	<b>4,559,623</b>	<b>3,877,596</b>

**22. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Operating profit	888,657	811,262
Depreciation charges	113,482	76,342
Movement in valuation of investments	-	(5,621)
Amortisation of government grants	(4,536)	(4,546)
Increase in stocks	(345,782)	(1,503)
Increase in debtors	(150,350)	(166,191)
Increase in creditors	284,379	38,708
<b>Net cash inflow from operating activities</b>	<b>785,850</b>	<b>748,451</b>



KELVINSIDE ELECTRONICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 NOVEMBER 2014

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

	2014 £	2013 £
<b>Returns on investments and servicing of finance</b>		
Interest received	3,718	14,956
Interest paid	-	(6,266)
	<u>3,718</u>	<u>8,690</u>
<b>Net cash inflow for returns on investments and servicing of finance</b>	<u>3,718</u>	<u>8,690</u>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(33,085)	(38,934)
Sale of fixed asset investments	-	101,343
Purchase of current asset investment	(1,000,000)	-
	<u>(1,033,085)</u>	<u>62,409</u>
<b>Net cash (outflow)/inflow for capital expenditure and financial investment</b>	<u>(1,033,085)</u>	<u>62,409</u>
<b>Financing</b>		
Loan repayments in year	(24,666)	(541,875)
	<u>(24,666)</u>	<u>(541,875)</u>
<b>Net cash outflow from financing</b>	<u>(24,666)</u>	<u>(541,875)</u>

24. ANALYSIS OF CHANGES IN NET FUNDS

	At 1/12/13 £	Cash flow £	At 30/11/14 £
Net cash:			
Cash at bank and in hand	1,832,415	(453,265)	1,379,150
	<u>1,832,415</u>	<u>(453,265)</u>	<u>1,379,150</u>
<b>Total</b>	<u>1,832,415</u>	<u>(453,265)</u>	<u>1,379,150</u>