

Smith and McLaurin Limited

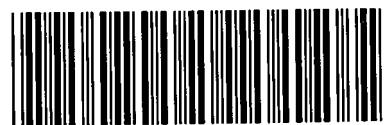
Report and Financial Statements

Year Ended

25 July 2014

Company Number SC229817

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Smith and McLaurin Limited

Report and financial statements for the year ended 25 July 2014

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Directors

Colin Loudon
Roslynn Mackay
Allan McLaughlin
John Radford
Graham Oxburgh

Secretary and registered office

Allan McLaughlin, Cartside Mills, Kilbarchan, Renfrewshire, PA10 2AF

Company number

SC229817

Auditors

BDO LLP, 4 Atlantic Quay, 70 York Street, Glasgow, G2 8JX

Bankers

Bank of Scotland, 110 St Vincent Street, Glasgow, G2 5ER

Solicitors

Morton Fraser LLP, Quartermile Two, 2 Lister Square, Edinburgh , EH3 9GL

Smith and McLaurin Limited

Strategic report for the year ended 25 July 2014

The directors present their strategic report together with the audited financial statements for the year ended 25 July 2014.

Review of business

The financial year 2013/14 saw a growth in turnover of 6% to a high of £27.4m with some of the highest growth rates coming from our European markets where our niche, higher margin products continue to attract new customers.

Gross Profit declined by 0.2% reflecting the turbulent pressures in the UK market where an over-supply of capacity and increased competition resulted in some of the larger manufacturers dropping prices to protect market share.

Trading levels in 2014/15 have continued around the same level as in 2013/14 however a focus on higher margin products and a company-wide cost saving program means that at the end of March we are ahead of last year's profit levels.

As noted in last year's accounts, in October 2013 there was a buy-out of some shareholders with the end result being that the business is now completely owned by the directors. The dividends which are recorded in these accounts are the mechanism of paying fair value to the exiting shareholders.

Principal risks and uncertainties

The continued fluctuations in the performances of UK and European economies creates a degree of uncertainty within which we have to operate, however we have proved over the past decade that we can trade profitably at any level of turnover and our ability to react quickly to changes gives us the confidence that there are currently no unmanageable risks facing the business.

Key performance indicators

The key performance indicators measured by the business include:

Turnover – increased in the year by 6% to £27.4m

Output – the volume of output was 61,804 sq m, up 5% on the previous year

Gross Margin – declined by 0.2% in 2013/14 and has improved by 2% in the year to date 2014/15

Overheads – increased by 0.1% of Turnover and has reduced by 2% in the year to date 2014/15

Future developments

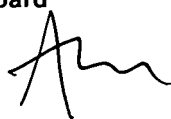
The ever changing nature of consumer demand, combined with design led change and technological advances, means that there are a steady stream of opportunities to work with our customers and end users to introduce new products to a wide range of sectors.

We are currently working on specific market segments which are moving to pressure sensitive self-adhesive labels; we are working with OEM's and customers to develop digital printing solutions for technically demanding environments; we are re-engineering some existing product lines to provide better quality products at competitive prices.

In summary, despite the continuing challenges at a macro-economic level we are confident of continuing to develop and prosper.

By order of the board

Allan McLaughlin
Secretary
20 April 2015



Smith and McLaurin Limited

Report of the directors for the year ended 25 July 2014

The directors present their report together with the audited financial statements for the year ended 25 July 2014.

Results and dividends

The profit and loss account is set out on page 6 and shows the profit for the year.

Principal activities

The principal activity of the company continued to be that of speciality coating and converting of paper products.

Post balance sheet events

There have been no events since the balance sheet date which materially affect the position of the company.

Directors

The directors of the company during the year were:

Ronald Easton (resigned 19 December 2014)
Colin Loudon
Roslynn Mackay
Allan McLaughlin
John Radford
Graham Oxburgh (appointed 21 February 2014)
Brendan Murphy (resigned 21 February 2014)

Directors' responsibilities

The directors are responsible for preparing the strategic report, 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.

Smith and McLaurin Limited

Report of the directors for the year ended 25 July 2014 (*continued*)

Auditors

The current directors have taken all the steps they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP were appointed as auditors during the year and are deemed to be re-appointed in accordance with section 487 of the Companies Act 2006.

By order of the board

Allan McLaughlin
Secretary



20 April 2015

Smith and McLaurin Limited

Independent auditor's report

To the member of Smith and McLaurin Limited

We have audited the financial statements of Smith and McLaurin Limited for the year ended 25 July 2014 which comprise the profit and loss account, the balance sheet and the related notes. 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 member 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 member 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 member, 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, 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

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 25 July 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.

Smith and McLaurin Limited

Independent auditor's report *(continued)*


Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and 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.



Neil Craig (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Glasgow
United Kingdom

20 April 2015

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Smith and McLaurin Limited

Profit and loss account for the year ended 25 July 2014

	Note	2014 £'000	2013 £'000
Turnover	2	27,406	25,947
Cost of sales		21,723	20,250
Gross profit		5,683	5,697
Distribution costs		2,279	2,077
Administrative expenses		2,940	2,836
Operating profit	3	464	784
Interest payable and similar charges	6	(97)	(49)
Profit on ordinary activities before taxation		367	735
Taxation on profit on ordinary activities	7	28	131
Profit on ordinary activities after taxation		339	604

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the profit and loss account.

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

Smith and McLaurin Limited

Balance sheet at 25 July 2014

Company number SC229817	Note	2014 £'000	2014 £'000	2013 £'000	2013 £'000
Fixed assets					
Tangible assets	9		1,415		1,407
Fixed asset investments	10		4		4
			<hr/>		<hr/>
			1,419		1,411
Current assets					
Stocks	11	2,734		3,222	
Debtors - due within one year	12	5,345		5,227	
Debtors - due after more than one year	12	1,661		1,661	
		<hr/>		<hr/>	
Total debtors		7,006		6,888	
Cash at bank and in hand		223		78	
		<hr/>		<hr/>	
		9,963		10,188	
Creditors: amounts falling due within one year	13	9,257		7,599	
		<hr/>		<hr/>	
Net current assets			706		2,589
			<hr/>		<hr/>
Total assets less current liabilities			2,125		4,000
Creditors: amounts falling due after more than one year	14	37		-	
Provisions for liabilities	15	120		110	
		<hr/>		<hr/>	
			157		110
			<hr/>		<hr/>
			1,968		3,890
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	17		50		50
Share premium account	18		22		22
Profit and loss account	18		1,896		3,818
			<hr/>		<hr/>
Shareholder's funds	19		1,968		3,890
			<hr/>		<hr/>

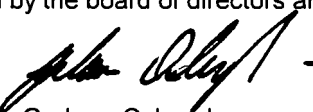
The notes on pages 9 to 20 form part of these financial statements.

Smith and McLaurin Limited

Balance sheet
at 25 July 2014 (*continued*)

The financial statements were approved by the board of directors and authorised for issue on 20 April 2015.


Allan McLaughlin
Director


Graham Oxburgh
Director

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

Smith and McLaurin Limited

Notes forming part of the financial statements for the year ended 25 July 2014

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

The following principal accounting policies have been applied:

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by Smith & McLaurin Holdings Limited and the company is included in consolidated financial statements.

Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the company's principal activities, which are stated net of VAT and trade discounts.

Research and development

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

Depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Tenant's improvements	- 10 years straight line
Plant and machinery	- 2 to 10 years straight line

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost includes materials, direct labour and production overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling price less all further costs to completion and relevant marketing, selling and distribution costs.

Pension costs

The company contributes to personal pension schemes maintained for each eligible employee. Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

Smith and McLaurin Limited

Notes forming part of the financial statements for the year ended 25 July 2014 (continued)

1 Accounting policies (continued)

Deferred taxation

Deferred tax is provided in full on all timing differences which result in an obligation at the balance sheet date to pay more tax, or right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more than likely than not they will be recovered. Deferred tax assets or liabilities are not discounted.

Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

Valuation of investments

Investments held as fixed assets are stated at cost less any provision for impairment.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account over the shorter of estimated useful economic life and the period of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

2 Turnover

	2014 £'000	2013 £'000
Analysis by geographical market:		
United Kingdom	18,073	18,120
Europe	9,322	7,823
Other	11	4
	<hr/>	<hr/>
	27,406	25,947
	<hr/>	<hr/>

Turnover is wholly attributable to the principal activity of the company.

Smith and McLaurin Limited

Notes forming part of the financial statements
for the year ended 25 July 2014 (*continued*)

3 Operating profit

	2014 £'000	2013 £'000
This is arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	263	231
Hire of plant and machinery - operating leases	102	93
Hire of other assets - operating leases	160	160
Fees payable to the company's auditor for the auditing of the company's annual accounts	21	17
Exchange differences	(280)	229
	<u> </u>	<u> </u>

4 Employees

Staff costs (including directors) consist of:

	2014 £'000	2013 £'000
Wages and salaries	2,911	2,776
Social security costs	307	294
Other pension costs	152	125
	<u> </u>	<u> </u>
	3,370	3,195
	<u> </u>	<u> </u>

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

	2014 Number	2013 Number
Production	60	59
Selling and distribution	6	6
Administration	25	26
	<u> </u>	<u> </u>
	91	91
	<u> </u>	<u> </u>

Smith and McLaurin Limited

Notes forming part of the financial statements
for the year ended 25 July 2014 (*continued*)

5 Directors' remuneration

	2014 £'000	2013 £'000
Directors' emoluments	606	508
Company contributions to money purchase pension schemes	40	46
	<u> </u>	<u> </u>

There were 3 directors in the company's defined contribution pension scheme during the year (2013 - 4).

The total amount payable to the highest paid director in respect of emoluments was £142,000 (2013 - £112,000). Company pension contributions of £14,000 (2013 - £11,000) were made to a money purchase scheme on their behalf.

6 Interest payable and similar charges

	2014 £'000	2013 £'000
Bank loans and overdrafts	92	49
Finance leases and hire purchase contracts	5	-
	<u> </u>	<u> </u>
	97	49
	<u> </u>	<u> </u>

Smith and McLaurin Limited

Notes forming part of the financial statements
for the year ended 25 July 2014 (*continued*)

7 Taxation on profit on ordinary activities

	2014 £'000	2013 £'000
<i>UK Corporation tax</i>		
Current tax on profits of the year	28	111
Adjustment in respect of previous periods	(10)	-
	<hr/>	<hr/>
Total current tax	18	111
	<hr/>	<hr/>
<i>Deferred tax</i>		
Origination and reversal of timing differences	24	24
Adjustment in respect of previous periods	(14)	(4)
	<hr/>	<hr/>
Movement in deferred tax provision	10	20
	<hr/>	<hr/>
Taxation on profit on ordinary activities	28	131
	<hr/>	<hr/>

The tax assessed for the year differs from the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	2014 £'000	2013 £'000
Profit on ordinary activities before tax	367	735
	<hr/>	<hr/>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 22.33% (2013 - 23.15%)	82	170
Effect of:		
Expenses not deductible for tax purposes	7	20
Capital allowances for period in (excess)/deficit of depreciation	(17)	11
Prior year adjustment	(10)	-
R&D Tax credit	(31)	(90)
Group relief	(13)	-
	<hr/>	<hr/>
Current tax charge for the year	18	111
	<hr/>	<hr/>

Smith and McLaurin Limited

Notes forming part of the financial statements
for the year ended 25 July 2014 (*continued*)

8 Dividends

	2014 £'000	2013 £'000
Ordinary shares		
Interim paid of £45.22 (2013 - £16.50) per share	2,261	825
	<u> </u>	<u> </u>

The dividend in both years was the mechanism of paying fair value to exiting shareholders.

9 Tangible fixed assets

	Leasehold land and buildings £'000	Plant and machinery £'000	Total £'000
<i>Cost</i>			
At 27 July 2013	481	3,098	3,579
Additions	46	225	271
	<u> </u>	<u> </u>	<u> </u>
At 25 July 2014	527	3,323	3,850
	<u> </u>	<u> </u>	<u> </u>
<i>Depreciation</i>			
At 27 July 2013	214	1,958	2,172
Provided for the year	50	213	263
	<u> </u>	<u> </u>	<u> </u>
At 25 July 2014	264	2,171	2,435
	<u> </u>	<u> </u>	<u> </u>
<i>Net book value</i>			
At 25 July 2014	263	1,152	1,415
	<u> </u>	<u> </u>	<u> </u>
At 27 July 2013	267	1,140	1,407
	<u> </u>	<u> </u>	<u> </u>

Smith and McLaurin Limited

Notes forming part of the financial statements
for the year ended 25 July 2014 (*continued*)

10 Fixed asset investments

	Shares in participating interests £'000
<i>Cost or valuation</i>	
At 27 July 2013 and 25 July 2014	4

The shares in participating interests represent 25% of the subscribed share capital of Progress B.V., a company registered in the Netherlands.

11 Stocks

	2014 £'000	2013 £'000
Raw materials and consumables	1,425	1,479
Work in progress	574	851
Finished goods and goods for resale	735	892
	<u>2,734</u>	<u>3,222</u>

There is no material difference between the replacement cost of stocks and the amounts stated above.

12 Debtors

	2014 £'000	2013 £'000
Amounts receivable within one year		
Trade debtors	5,050	5,154
Amounts owed by group undertakings	232	-
Other debtors	-	17
Prepayments and accrued income	63	56
	<u>5,345</u>	<u>5,227</u>
Amounts receivable after more than one year		
Amounts owed by group undertakings	1,661	1,661
	<u>1,661</u>	<u>1,661</u>
Total debtors	<u>7,006</u>	<u>6,888</u>

Smith and McLaurin Limited

Notes forming part of the financial statements
for the year ended 25 July 2014 (*continued*)

13 Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Bank loans and overdrafts (secured)	3,270	1,500
Trade creditors	4,891	5,152
Corporation tax	28	111
Other taxation and social security	369	429
Obligations under finance lease and hire purchase contracts	143	-
Other creditors	102	35
Accruals and deferred income	454	372
	<u>9,257</u>	<u>7,599</u>

Included within bank loans and overdrafts is an amount of £3,271,097 (2013: £1,500,348) which relates to an invoice discounting facility. Bank loans and overdrafts are secured by a bond and floating charge over the entire property and undertakings of the company.

14 Creditors: amounts falling due after more than one year

	2014 £'000	2013 £'000
Obligations under finance lease and hire purchase contracts	37	-
	<u>37</u>	<u>-</u>

Maturity of debt:

	Loans and overdrafts 2014 £'000	Loans and overdrafts 2013 £'000	Finance leases 2014 £'000	Finance leases 2013 £'000
In one year or less, or on demand	<u>3,270</u>	<u>1,500</u>	<u>143</u>	<u>-</u>
In more than one year but not more than two years	<u>-</u>	<u>-</u>	<u>37</u>	<u>-</u>

Smith and McLaurin Limited

Notes forming part of the financial statements
for the year ended 25 July 2014 (*continued*)

15 Provisions for liabilities

	Deferred taxation £'000
At 27 July 2013	110
Utilised in year	10
	<hr/>
At 25 July 2014	120
	<hr/>

Deferred taxation

	2014 £'000	2013 £'000
Accelerated capital allowances	125	115
Sundry timing differences	(5)	(5)
	<hr/>	<hr/>
	120	110
	<hr/>	<hr/>

16 Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge amounted to £152,000 (2013 - £125,000). Contributions amounting to £27,000 (2013 - £23,000) were payable to the fund and are included in creditors.

17 Share capital

	2014 £'000	2013 £'000
<i>Allotted, called up and fully paid</i>		
32,500 A Ordinary shares of £1 each	33	33
17,500 B Ordinary shares of £1 each	17	17
	<hr/>	<hr/>
	50	50
	<hr/>	<hr/>

A and B class shares confer the same rights upon holders and rank *pari passu* in all respects, save that the directors may declare a different dividend for each class of share. In addition, there are different pre-emption rights for each class of share.

Smith and McLaurin Limited

Notes forming part of the financial statements
for the year ended 25 July 2014 (*continued*)

18 Reserves

	Share premium account £'000	Profit and loss account £'000
At 27 July 2013	22	3,818
Profit for the year	-	339
Dividends	-	(2,261)
	<hr/>	<hr/>
At 25 July 2014	22	1,896
	<hr/>	<hr/>

19 Reconciliation of movements in shareholder's funds

	2014 £'000	2013 £'000
Profit for the year	339	604
Dividends	(2,261)	(825)
	<hr/>	<hr/>
Net deductions from shareholder's funds	(1,922)	(221)
Opening shareholder's funds	3,890	4,111
	<hr/>	<hr/>
Closing shareholder's funds	1,968	3,890
	<hr/>	<hr/>

20 Contingent liabilities

At 25 July 2014, the company has an outstanding HMRC bond with a maximum potential liability of £20,000.

Smith and McLaurin Limited

Notes forming part of the financial statements for the year ended 25 July 2014 (continued)

21 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2014 £'000	Other 2014 £'000	Land and buildings 2013 £'000	Other 2013 £'000
Operating leases which expire:				
Within one year	-	7	-	11
In two to five years	-	74	-	30
After five years	160	-	160	-
	<u>160</u>	<u>81</u>	<u>160</u>	<u>41</u>

22 Related party disclosures

The company is a wholly owned subsidiary of Smith & McLaurin Holdings Limited and has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions with Smith & McLaurin Holdings Limited or other wholly owned subsidiaries within the group.

	Purchases from related parties £'000	Amounts owed to related parties £'000
2014		
Symphony Corporate Limited	79	6
ACM & Co	-	-
IDM & Co	102	-
Progress B.V.	133	10
CSS Group Pension Scheme	63	-
	<u>377</u>	<u>16</u>
2013		
Symphony Corporate Limited	29	-
ACM & Co	14	-
IDM & Co	110	-
Progress B.V.	103	15
CSS Group Pension Scheme	79	-
	<u>335</u>	<u>15</u>

Allan McLaughlin is a director of Symphony Corporate Limited. Allan McLaughlin is also a partner in ACM & Co. Allan McLaughlin is also a trustee of the CSS Group Pension Scheme.

Roslynn Mackay is a partner in IDM & Co.

Smith & McLaurin Ltd owns 25% of the issued share capital of Progress B.V., a company registered in the Netherlands.

Smith and McLaurin Limited

**Notes forming part of the financial statements
for the year ended 25 July 2014 (*continued*)**

23 Ultimate parent company and parent undertaking of larger group

The largest and smallest group in which the results of the company are consolidated is that headed by Smith & McLaurin Holdings Limited, incorporated in Scotland. The consolidated accounts of this company are available to the public and may be obtained from its registered office. No other group accounts include the results of the company.