

DRON & DICKSON LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2009



DRON & DICKSON LIMITED

COMPANY INFORMATION

Directors	Colin Rowley Colin Maver Gerard Lafferty (appointed 19 December 2008)
Company secretary	Colin Rowley
Company number	221355
Registered office	10-12 East Parade Leeds LS1 2AJ
Auditors	PKF (UK) LLP 17 Rothesay Place Edinburgh EH3 7SQ
Bankers	Bank of Scotland 1 Munro Road Stirling FK7 7SY
Solicitors	Lee & Priestly LLP 10-12 East Parade Leeds LS1 2AJ McGrigors Princes Exchange 1 Earl Grey Street Edinburgh EH3 9AQ

DRON & DICKSON LIMITED

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DRON & DICKSON LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 MAY 2009

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

Principal activities

The principal activity of the company during the year was providing design, supply and maintenance of electrical equipment.

Business review

- Development of business

Dron & Dickson Ltd reported another set of strong financial results with turnover, net profit and net assets all growing to record levels. The company operated mainly in the oil and gas energy sector and the first half of the year, with historically high oil prices, contrasted markedly with the lower oil prices and renewed pressure on rates and margins in the third and fourth quarters. During the year the company restructured both of its main trading divisions. This involved reducing expense at all levels throughout the organisation to produce a lower cost base, including a reduction in the size of the Board.

- Risks and uncertainties

The principal risks and uncertainties facing the company involve the long term oil price, specifically as it relates to the projected cost to our customers of maintaining and developing oil and gas assets in the North Sea.

- Future outlook

We believe that the longer term market fundamentals for our services and products remain strong and we are continuing to improve our service offering and build on our international growth in a controlled manner to be in a strong position when the overall economy, and the energy market in particular, recovers in due course.

Results

The profit for the year, after taxation, amounted to £668,357 (2008 : £379,759).

Directors

The directors who served during the year were:

Colin Rowley
Colin Maver
Gerard Lafferty (appointed 19 December 2008)
David Plank (resigned 31 July 2008)
Thomas McKenna (dismissed 12 March 2009)

Provision of information to auditors

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

DRON & DICKSON LIMITED

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 MAY 2009**

This report was approved by the board on 6 October 2009 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'Colin Rowley', with a long horizontal flourish extending to the right.

Colin Rowley
Director

DRON & DICKSON LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 MAY 2009

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 judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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.

DRON & DICKSON LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DRON & DICKSON LIMITED

We have audited the financial statements of Dron & Dickson Limited for the year ended 31 May 2009 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 members, as a body, in accordance with sections 495 and 496 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 auditors' 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 auditors

As explained more fully in the directors' responsibilities statement, 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 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

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.

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 31 May 2009 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 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.



Alastair Rae (Senior statutory auditor)

for and on behalf of PKF (UK) LLP, Statutory auditors

Edinburgh

14 October 2009

DRON & DICKSON LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 MAY 2009**

	Note	2009 £	2008 £
TURNOVER	1,2	28,209,927	26,663,491
Cost of sales		<u>(23,325,671)</u>	<u>(21,846,006)</u>
GROSS PROFIT		4,884,256	4,817,485
Selling and distribution costs		(169,288)	(160,131)
Administrative expenses		(3,402,558)	(3,698,666)
Other operating income	3	<u>23,830</u>	<u>22,500</u>
OPERATING PROFIT	4	1,336,240	981,188
Interest receivable		-	1,214
Interest payable	7	<u>(364,250)</u>	<u>(401,646)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		971,990	580,756
Tax on profit on ordinary activities	8	<u>(303,633)</u>	<u>(200,997)</u>
PROFIT FOR THE FINANCIAL YEAR	19	<u>668,357</u>	<u>379,759</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2009 or 2008 other than those included in the profit and loss account.

The notes on pages 8 to 19 form part of these financial statements.

DRON & DICKSON LIMITED

**NOTE OF HISTORICAL COST PROFITS AND LOSSES
FOR THE PERIOD ENDED 31 MAY 2009**

	2009 £	2008 £
REPORTED PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	971,990	580,756
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	6,148	3,010
HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	978,138	583,766
HISTORICAL PROFIT FOR THE YEAR AFTER TAXATION	674,505	382,769

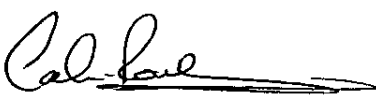
The notes on pages 8 to 19 form part of these financial statements.

DRON & DICKSON LIMITED

**BALANCE SHEET
AS AT 31 MAY 2009**

	Note	£	2009 £	£	2008 £
FIXED ASSETS					
Tangible fixed assets	9		713,261		678,065
Investment property	10		265,000		265,000
Fixed asset investments	11		1		-
			<u>978,262</u>		<u>943,065</u>
CURRENT ASSETS					
Stocks	12	769,257		836,530	
Debtors	13	6,356,629		6,323,315	
Cash in hand		4,768		2,401	
		<u>7,130,654</u>		<u>7,162,246</u>	
CREDITORS: amounts falling due within one year	14	(6,004,131)		(6,587,582)	
NET CURRENT ASSETS			<u>1,126,523</u>		<u>574,664</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,104,785</u>		<u>1,517,729</u>
CREDITORS: amounts falling due after more than one year	15		(30,671)		-
PROVISIONS FOR LIABILITIES					
Other provisions	17		-		(111,972)
NET ASSETS			<u>2,074,114</u>		<u>1,405,757</u>
CAPITAL AND RESERVES					
Called up share capital	18		100,000		100,000
Revaluation reserve	19		488,218		494,366
Capital redemption reserve	19		1,000		1,000
Profit and loss account	19		1,484,896		810,391
SHAREHOLDERS' FUNDS	20		<u>2,074,114</u>		<u>1,405,757</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
6 October 2009.


Colin Rowley
Director

The notes on pages 8 to 19 form part of these financial statements.

DRON & DICKSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2009

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment property and in accordance with applicable accounting standards.

The company is itself a subsidiary company and is exempt from the requirement to prepare group financial statements by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of electrical goods and installation and maintenance services supplied, exclusive of Value Added Tax and trade discounts. Turnover is recognised on delivery of the goods and services or, in respect of ongoing services, is recognised by reference to stage of completion.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2%	straight line
Equipment, Fixtures & fittings	-	25%	straight line
Computer equipment	-	33%	straight line

No depreciation is charged on freehold land.

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.

1.5 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at the balance sheet date. A full valuation is obtained periodically from a qualified valuer for each property and in any year where the directors consider it likely that there has been a material change in value.

Revaluation gains and losses are recognised in the statement of total recognised gains and losses unless losses reflect a clear consumption of economic benefits, in which case the losses are recognised in the profit and loss account.

1.6 Investments

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

DRON & DICKSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2009

1. ACCOUNTING POLICIES (continued)

1.7 Investment properties

Investment properties are included in the balance sheet at their open market value in accordance with Statement of Standard Accounting Practice No.19 and are not depreciated. This treatment is contrary to the Companies Act 2006 which states that fixed assets should be depreciated but is, in the opinion of the directors, necessary in order to give a true and fair view of the financial position of the company.

1.8 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.9 Operating leases

Rentals under operating leases are charged on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.10 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.11 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements.

A net deferred tax asset is recognised only if it can be regarded as 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 are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are discounted.

DRON & DICKSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2009

1. ACCOUNTING POLICIES (continued)

1.12 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

1.13 Pensions

The company contributes to personal pension policies for all members of staff eligible. The amount payable for the year is charged to the profit and loss account.

1.14 Invoice discounting facility

Trade debtors are subject to a financing arrangement whereby an advance is received based upon and secured upon trade receivables.

Where the company has retained significant benefits and risks relating to the financed debts, separate presentation is adopted whereby the gross debts and a corresponding liability in respect of the advance received are shown separately on the balance sheet. The interest element of the financier's charges is recognised as it accrues and is included in the profit and loss account with other interest charges.

2. TURNOVER

The amount of turnover attributable to each class of business has not been disclosed in the financial statements as it is the opinion of the directors that the disclosure of this information would be seriously prejudicial to the interests of the company.

A geographical analysis of turnover is as follows:

	2009 £	2008 £
United Kingdom	26,029,195	25,617,618
Rest of Europe	751,410	1,045,873
Rest of World	1,429,322	-
	<u>28,209,927</u>	<u>26,663,491</u>

3. OTHER OPERATING INCOME

	2009 £	2008 £
Net rents receivable	<u>23,830</u>	<u>22,500</u>

DRON & DICKSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2009

4. OPERATING PROFIT

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

	2009 £	2008 £
Depreciation of tangible fixed assets:		
- owned by the company	30,854	33,899
Auditors' remuneration	18,000	29,500
Operating lease rentals:		
- plant and machinery	56,237	82,277
- other operating leases	82,395	88,509
Difference on foreign exchange	(7,803)	(14,447)
	<u> </u>	<u> </u>

5. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2009 £	2008 £
Wages and salaries	5,483,229	5,509,054
Social security costs	609,516	631,783
Other pension costs	59,271	293,611
	<u> </u>	<u> </u>
	<u>6,152,016</u>	<u>6,434,448</u>

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

	2009 No.	2008 No.
Sales & administration	36	41
Management	11	13
Offshore	71	74
	<u> </u>	<u> </u>
	<u>118</u>	<u>128</u>

6. DIRECTORS' REMUNERATION

	2009 £	2008 £
Emoluments	259,063	329,639
	<u> </u>	<u> </u>
Company pension contributions to money purchase pension schemes	22,935	254,203
	<u> </u>	<u> </u>

During the year retirement benefits were accruing to 3 directors (2008 - 4) in respect of money purchase pension schemes.

DRON & DICKSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2009

The highest paid director received remuneration of £73,858 (2008 - £83,706).

The value of the company's contributions paid to a money purchase pension scheme in respect of the highest paid director amounted to £4,875 (2008 - £5,478).

7. INTEREST PAYABLE AND SIMILAR CHARGES PAYABLE

	2009 £	2008 £
On bank loans and overdrafts	124,250	161,646
Other similar charges payable	240,000	240,000
	<u>364,250</u>	<u>401,646</u>

8. TAXATION

	2009 £	2008 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	274,983	193,580
Adjustments in respect of prior periods	15,380	(3,299)
Total current tax	<u>290,363</u>	<u>190,281</u>
Deferred tax (see note 16)		
Origination and reversal of timing differences	13,270	10,716
Tax on profit on ordinary activities	<u>303,633</u>	<u>200,997</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2008 - higher than) the standard rate of corporation tax in the UK (28%). The differences are explained below:

	2009 £	2008 £
Profit on ordinary activities before tax	<u>971,990</u>	<u>580,756</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008 - 28%)	272,157	162,612
Effects of:		
Expenses not deductible for tax purposes	17,855	26,308
Capital allowances for year in excess of depreciation	(15,029)	(291)
Other timing differences	-	(3,901)
Marginal relief	-	(2,143)
Change of tax rate during the year	-	10,995
Adjustments to tax charge in respect of prior periods	15,380	(3,299)
Current tax charge for the year (see note above)	<u>290,363</u>	<u>190,281</u>

DRON & DICKSON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MAY 2009**

8. TAXATION (continued)

Factors that may affect future tax charges

No provision has been made for deferred tax on gains recognised on revaluing property to its market value. The total amount unprovided for is £77,741 (2008 - £77,741). At present, it is not envisaged that any tax will be payable in the foreseeable future.

9. TANGIBLE FIXED ASSETS

	Freehold property £	Equipment, fixtures & fittings £	Computer equipment £	Total £
Cost or valuation				
At 1 June 2008	673,239	189,333	520,281	1,382,853
Additions	-	5,039	61,011	66,050
	<u>673,239</u>	<u>194,372</u>	<u>581,292</u>	<u>1,448,903</u>
At 31 May 2009				
Depreciation				
At 1 June 2008	29,627	168,349	506,812	704,788
Charge for the year	17,168	7,689	5,997	30,854
	<u>46,795</u>	<u>176,038</u>	<u>512,809</u>	<u>735,642</u>
At 31 May 2009				
Net book value				
At 31 May 2009	<u>626,444</u>	<u>18,334</u>	<u>68,483</u>	<u>713,261</u>
At 31 May 2008	<u>643,612</u>	<u>20,984</u>	<u>13,469</u>	<u>678,065</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2009 £	2008 £
Computer equipment	<u>47,800</u>	<u>-</u>

Cost or valuation at 31 May 2009 is as follows:

	Land and buildings £
At cost	13,239
At valuation:	
2006	660,000
	<u>673,239</u>

DRON & DICKSON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MAY 2009**

9. TANGIBLE FIXED ASSETS (continued)

The Lowestoft property was valued by Baker Storey Matthews, Chartered Surveyors on the basis of market value, net of purchaser's costs, on 25 May 2006 at £150,000, in accordance with the RICS Appraisal and Valuation Manual.

The Stirling property was valued by Shepherd, Chartered Surveyors on the basis of market value on 18 August 2006 at £510,000, in accordance with the RICS Appraisal and Valuation Manual.

The directors are not aware of any material change in the value of freehold property and the valuations have therefore not been updated.

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2009 £	2008 £
Cost	423,350	423,350
Accumulated depreciation	(77,385)	(69,585)
	<hr/>	<hr/>
Net book value	<u>345,965</u>	<u>353,765</u>

10. INVESTMENT PROPERTY

	Freehold property £
Cost and valuation	
At 1 June 2008 and 31 May 2009	<u>265,000</u>
Comprising	
Cost	49,153
Revaluation surplus	<u>215,847</u>
	<u><u>265,000</u></u>

The property was valued by Shepherd, Chartered Surveyors on the basis of market value on 18 August 2006 at £265,000. The valuation has been made in accordance with the RICS Appraisal and Valuation Manual. The directors consider that the value of investment property as at 31 May 2009 is £265,000.

DRON & DICKSON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MAY 2009**

11. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
Cost or valuation	
At 1 June 2008	20,000
Additions	1
	<hr/>
At 31 May 2009	20,001
	<hr/>
Amounts written off	
At 1 June 2008 and 31 May 2009	20,000
	<hr/>
Net book value	
At 31 May 2009	1
	<hr/>
At 31 May 2008	-
	<hr/>

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding
Techniservices UK Limited	Ordinary	100%
Dron & Dickson (Baku) Limited	Ordinary	100%

The aggregate of the share capital and reserves as at 31 May 2009 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(loss) £
Techniservices UK Limited	-	-
Dron & Dickson (Baku) Limited	1	-
	<hr/>	<hr/>

The company invested in Dron & Dickson (Baku) Limited (formerly Pacific Shelf 1561 Limited) during the year.

Both subsidiary undertakings are dormant.

12. STOCKS

	2009 £	2008 £
Finished goods and goods for resale	769,257	836,530
	<hr/>	<hr/>

DRON & DICKSON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MAY 2009**

13. DEBTORS

	2009 £	2008 £
Trade debtors	4,189,452	4,844,697
Amounts owed by group undertakings	1,293,954	1,032,973
Other debtors	783,489	318,036
Prepayments and accrued income	75,561	100,166
Deferred tax asset (see note 16)	14,173	27,443
	<u>6,356,629</u>	<u>6,323,315</u>

Trade debtors includes amounts subject to full recourse financing of £3,942,321 (2008 - £4,836,859).

**14. CREDITORS:
Amounts falling due within one year**

	2009 £	2008 £
Bank loans and overdrafts	63,115	455,739
Net obligations under finance leases and hire purchase contracts	17,129	-
Trade creditors	1,773,881	2,615,271
Corporation tax	275,118	193,714
Social security and other taxes	127,238	291,021
Invoice financing	2,736,514	2,359,855
Accruals and deferred income	1,011,136	671,982
	<u>6,004,131</u>	<u>6,587,582</u>

The bank overdraft is secured by a standard security over the Lowestoft and Stirling properties owned by the company and a floating charge.

Finance lease and hire purchase contracts are secured on the assets concerned.

**15. CREDITORS:
Amounts falling due after more than one year**

	2009 £	2008 £
Net obligations under finance leases and hire purchase contracts	<u>30,671</u>	<u>-</u>

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	2009 £	2008 £
Between one and five years	<u>30,671</u>	<u>-</u>

Finance lease and hire purchase creditors are secured on the assets concerned.

DRON & DICKSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2009

16. DEFERRED TAX ASSET

	2009 £	2008 £
At beginning of year	27,443	38,159
Charged for year	(13,270)	(10,716)
	<hr/>	<hr/>
At end of year	14,173	27,443
	<hr/>	<hr/>

The deferred tax asset is made up as follows:

	2009 £	2008 £
Accelerated capital allowances	14,173	(7,126)
Other timing differences	-	34,569
	<hr/>	<hr/>
	14,173	27,443
	<hr/>	<hr/>

17. PROVISIONS

	Total £
At 1 June 2008	111,972
Movement in the year	(111,972)
	<hr/>
At 31 May 2009	-
	<hr/>

In 2008 £47,742 was provided for lease dilapidations on the Aberdeen property under a lease expiring in August 2015. There was also a provision of £64,230 to cover redundancy costs following the cessation of a long term sales contract on 31 May 2008.

These provisions have been utilised in the year.

18. SHARE CAPITAL

	2009 £	2008 £
Allotted, called up and fully paid		
100,000 Ordinary shares of £1 each	100,000	100,000
	<hr/>	<hr/>

DRON & DICKSON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MAY 2009**

19. RESERVES

	Capital redempt'n reserve £	Revaluation reserve £	Profit and loss account £
At 1 June 2008	1,000	494,366	810,391
Profit for the year			668,357
Transfer between reserves		(6,148)	6,148
At 31 May 2009	<u>1,000</u>	<u>488,218</u>	<u>1,484,896</u>

20. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2009 £	2008 £
Opening shareholders' funds	1,405,757	1,122,998
Profit for the year	668,357	379,759
Dividends (Note 21)	-	(97,000)
Closing shareholders' funds	<u>2,074,114</u>	<u>1,405,757</u>

21. DIVIDENDS

	2009 £	2008 £
Dividends paid on equity capital	<u>-</u>	<u>97,000</u>

22. CONTINGENCIES

The bank hold a corporate cross-guarantee between the company and M.T.I.P. Limited for all sums due. At the year end, the borrowings of the company was £2,799,629 (2008 - £2,815,595) and of the group was £4,015,072 (2008 - £4,250,935).

23. OPERATING LEASE COMMITMENTS

At 31 May 2009 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings			Other
	2009 £	2008 £	2009 £	2008 £
Expiry date:				
Within 1 year	74,000	16,500	61,474	32,667
Between 2 and 5 years	<u>162,750</u>	<u>59,000</u>	<u>95,075</u>	<u>36,396</u>

DRON & DICKSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2009

24. RELATED PARTY TRANSACTIONS

During the year, Arthur Rowley, a former director and father of Colin Rowley, charged consultancy fees of £3,323 (2008 - £3,864). The balance due to Arthur Rowley at the year end was £3,323 (2008 - £3,864).

During the year, Sarah Rowley, wife of Colin Rowley, charged IT consultancy fees of £1,090 (2008 - £nil). The maximum amount outstanding at the year end was £1,090 (2008 - £Nil).

During the year the company incurred finance charges of £240,000 (2008 - £240,000) and advanced additional funds of £459,000 to M.T.I.P. Limited, the parent company. The balance due from M.T.I.P. Limited at the year end was £1,293,953 (2008 - £1,032,973).

25. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PART

The ultimate parent undertaking is M.T.I.P. Limited, a company registered in the UK. The ultimate controlling party is Colin Rowley.