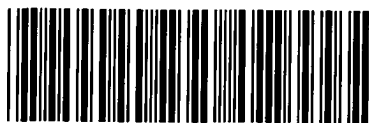


Abbreviated Audited Accounts
for the Year Ended 31 July 2015
for
Castle Precision Engineering
(Glasgow) Limited

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Castle Precision Engineering
(Glasgow) Limited

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for the Year Ended 31 July 2015

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**Castle Precision Engineering
(Glasgow) Limited**

**Company Information
for the Year Ended 31 July 2015**

DIRECTORS:

Mrs R Tiefenbrun
Y L Tiefenbrun
Miss R E Tiefenbrun

SECRETARY:

J Forrest

REGISTERED OFFICE:

241 Drakemire Drive
Castlemilk
Glasgow
G45 9SZ

REGISTERED NUMBER:

SC039355

AUDITORS:

O'Haras Chartered Accountants, Statutory Auditors
Radleigh House
1 Golf Road
Clarkston
Glasgow
G76 7HU

SOLICITORS:

CMS Cameron McKenna LLP
Saltire Court
20 Castle Terrace
EDINBURGH
EH1 2EN

Castle Precision Engineering
(Glasgow) Limited

Strategic Report
for the Year Ended 31 July 2015

REVIEW OF BUSINESS

In this financial year, the company's turnover decreased by approx 5% delivering a bottom line break even performance. This result following last year's profitable position reflects the toughening market conditions.

The first 6 months' performance was markedly slower than the second half of the financial year, affected by a combination of delayed orders and the effect of the strong pound on competitiveness. The second half of the year saw a strong recovery enabled by the delivery of several development projects.

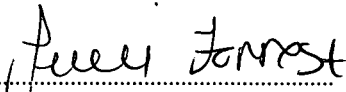
The company reached a key financial milestone of zero gearing at the end of the fiscal year before engaging in new investment which remains a key factor to competitiveness. The conservative gearing position will allow the business to remain agile in taking new opportunities as they arise.

The company continues to commit to its long term strategy of transitioning away from the traditional sub-contract operations market and towards being the single source finished product provider for its customers.

The transformation as expected brings sufficient short and medium term challenges but is key to securing the company's long term future and position in the market.

Looking at the year ahead, uncertainties in the oil and gas, industrial gas turbine and UK aero engine markets are a concern, whilst the defence market outlook is more positive.

ON BEHALF OF THE BOARD:



J Forrest - Secretary

Date: 8-4-16

**Castle Precision Engineering
(Glasgow) Limited**

**Report of the Directors
for the Year Ended 31 July 2015**

The directors present their report with the accounts of the company for the year ended 31 July 2015.

DIVIDENDS

There will be no dividend payments for the year ended 31 July 2015. No dividends will be paid in view of the company's recent historical losses and the fact that the company requires to preserve funds in view of its capital investment requirements.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the accounts.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 August 2014 to the date of this report.

Mrs R Tiefenbrun
Y L Tiefenbrun
Miss R E Tiefenbrun

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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.

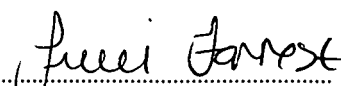
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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 or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, O'Haras Chartered Accountants, Statutory Auditors, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

..... 
J Forrest - Secretary

Date: 8-4-16

Report of the Independent Auditors to
Castle Precision Engineering
(Glasgow) Limited
Under Section 449 of the Companies Act 2006

We have examined the abbreviated accounts set out on pages five to sixteen, together with the full financial statements of Castle Precision Engineering (Glasgow) Limited for the year ended 31 July 2015 prepared under Section 396 of the Companies Act 2006.

This report is made solely to the company, in accordance with Section 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

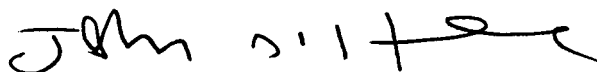
The directors are responsible for preparing the abbreviated accounts in accordance with Section 445 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the Regulations made under that Section and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 445(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the Regulations made under that Section.



John O'Hara CA (Senior Statutory Auditor)
for and on behalf of O'Haras Chartered Accountants, Statutory Auditors
Radleigh House
1 Golf Road
Clarkston
Glasgow
G76 7HU

Date: 8/4/16

Castle Precision Engineering
(Glasgow) Limited

Abbreviated Profit and Loss Account
for the Year Ended 31 July 2015

	Notes	31/7/15 £	31/7/14 £
TURNOVER		17,272,862	18,174,528
Cost of sales and other operating income		(11,476,172)	(11,897,051)
		<hr/> 5,796,690	<hr/> 6,277,477
Administrative expenses		<hr/> 5,770,637	<hr/> 5,721,574
OPERATING PROFIT	3	26,053	555,903
Interest receivable and similar income		<hr/> 2,089	<hr/> 1,220
		28,142	557,123
Interest payable and similar charges	4	<hr/> 11,286	<hr/> 69,196
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		16,856	487,927
Tax on profit on ordinary activities	5	<hr/> -	<hr/> -
PROFIT FOR THE FINANCIAL YEAR		<hr/> <hr/> 16,856	<hr/> <hr/> 487,927

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.

The notes form part of these abbreviated accounts


**Castle Precision Engineering
(Glasgow) Limited (Registered number: SC039355)**

**Abbreviated Balance Sheet
31 July 2015**

	Notes	31/7/15 £	£	31/7/14 £	£
FIXED ASSETS					
Tangible assets	6		5,249,358		6,256,449
CURRENT ASSETS					
Stocks	7	2,040,173		2,337,742	
Debtors	8	2,351,917		2,594,011	
Cash at bank and in hand	9	2,450,381		929,827	
		6,842,471		5,861,580	
CREDITORS					
Amounts falling due within one year	10	2,843,064		2,815,684	
NET CURRENT ASSETS			3,999,407		3,045,896
TOTAL ASSETS LESS CURRENT LIABILITIES			9,248,765		9,302,345
CREDITORS					
Amounts falling due after more than one year	11		570,764		641,200
NET ASSETS			8,678,001		8,661,145
CAPITAL AND RESERVES					
Called up share capital	14		3,000		3,000
Profit and loss account	15		8,675,001		8,658,145
SHAREHOLDERS' FUNDS	19		8,678,001		8,661,145

The abbreviated accounts have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to medium-sized companies.

The financial statements were approved by the Board of Directors on 31/4/16 and were signed on its behalf by:


.....
Y L Tiefenbrun - Director

The notes form part of these abbreviated accounts

Castle Precision Engineering
(Glasgow) Limited

Cash Flow Statement
for the Year Ended 31 July 2015

	Notes	31/7/15 £	£	31/7/14 £	£
Net cash inflow from operating activities	1		1,452,129		1,110,293
Returns on investments and servicing of finance	2		(9,197)		(67,976)
Capital expenditure	2		(76,402)		(1,174,458)
			1,366,530		(132,141)
Financing	2		154,024		43,837
Increase/(decrease) in cash in the period			1,520,554		(88,304)
<hr/>					
Reconciliation of net cash flow to movement in net funds	3				
Increase/(decrease) in cash in the period		1,520,554		(88,304)	
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing		255,000		(43,837)	
Change in net funds resulting from cash flows			1,775,554		(132,141)
Movement in net funds in the period			1,775,554		(132,141)
Net funds at 1 August			164,827		296,968
Net funds at 31 July			1,940,381		164,827

The notes form part of these abbreviated accounts

Castle Precision Engineering
(Glasgow) Limited

Notes to the Cash Flow Statement
for the Year Ended 31 July 2015

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

	31/7/15 £	31/7/14 £
Operating profit	26,053	555,903
Depreciation charges	1,079,334	1,043,586
Loss/(profit) on disposal of fixed assets	4,159	(28,250)
Deferred government grant release	(22,000)	(206,701)
Grants received	56,000	64,000
Decrease in stocks	297,569	83,988
Decrease/(increase) in debtors	249,510	(249,291)
Decrease in creditors	(238,496)	(152,942)
Net cash inflow from operating activities	1,452,129	1,110,293

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

	31/7/15 £	31/7/14 £
Returns on investments and servicing of finance		
Interest received	2,089	1,220
Interest paid	-	(639)
Interest element of hire purchase payments	(11,286)	(68,557)
Net cash outflow for returns on investments and servicing of finance	(9,197)	(67,976)
Capital expenditure		
Purchase of tangible fixed assets	(102,889)	(1,202,708)
Sale of tangible fixed assets	26,487	28,250
Net cash outflow for capital expenditure	(76,402)	(1,174,458)
Financing		
Funding / (capital repaid)	(255,000)	43,837
Amount withdrawn by directors	(7,416)	-
SIG state funds advanced less amount rep	416,440	-
Net cash inflow from financing	154,024	43,837

The notes form part of these abbreviated accounts

Castle Precision Engineering
(Glasgow) Limited

Notes to the Cash Flow Statement
for the Year Ended 31 July 2015

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.8.14 £	Cash flow £	At 31.7.15 £
Net cash:			
Cash at bank and in hand	929,827	1,520,554	2,450,381
	<u>929,827</u>	<u>1,520,554</u>	<u>2,450,381</u>
Debt:			
Hire purchase	(765,000)	255,000	(510,000)
	<u>(765,000)</u>	<u>255,000</u>	<u>(510,000)</u>
Total	<u>164,827</u>	<u>1,775,554</u>	<u>1,940,381</u>

The notes form part of these abbreviated accounts

Notes to the Abbreviated Accounts
for the Year Ended 31 July 2015

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention.

Turnover

The turnover shown in the profit and loss account represents revenue recognised by the company in respect of goods and services supplied during the period, exclusive of value added tax and trade discounts.

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
Improvements to property	- 2% on cost
Plant and machinery	- 10% on cost
Office and computer equipment	- 30% on reducing balance
Motor vehicles	- 25% on reducing balance

Stocks

Work in progress is valued at the lower of cost and net realisable value.

Cost includes all direct expenditure.

Deferred tax

Deferred tax arises as a result of including items of income and expenditure in taxation computations in periods different from those in which they are included in the company's accounts. Deferred tax is provided in full on timing differences which result in an obligation to pay more (or less) tax at a future date, at the average tax rates that are expected to apply when the timing differences reverse, based on current tax rates and laws.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset.

Deferred tax assets and liabilities are not discounted.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

Government grants

Government grants received in respect of capital expenditure are credited to a deferred income account and released to profit over the expected useful life of the relevant assets by equal instalments. Revenue grants are released to profit and loss over the life of the project to which they relate.

2. STAFF COSTS

	31/7/15	31/7/14
	£	£
Wages and salaries	5,510,317	5,372,515
Social security costs	603,605	573,120
Other pension costs	220,399	227,272
	<hr/>	<hr/>
	6,334,321	6,172,907
	<hr/>	<hr/>

Castle Precision Engineering
(Glasgow) Limited

Notes to the Abbreviated Accounts - continued
for the Year Ended 31 July 2015

2. STAFF COSTS - continued

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

	31/7/15	31/7/14
Management and administration	75	72
Manufacturing	78	75
	<u>153</u>	<u>147</u>

3. OPERATING PROFIT

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

	31/7/15	31/7/14
	£	£
Hire of plant and machinery	19,082	20,370
Depreciation - owned assets	1,079,334	1,043,586
Loss/(profit) on disposal of fixed assets	4,159	(28,250)
Auditors' remuneration	9,000	9,000
Auditors' remuneration for non audit work	15,050	13,663
	<u>311,372</u>	<u>279,320</u>
Directors' remuneration	10,800	40,800
Directors' pension contributions to money purchase schemes		

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

Money purchase schemes	<u>2</u>	<u>3</u>
------------------------	----------	----------

Information regarding the highest paid director is as follows:

	31/7/15	31/7/14
	£	£
Emoluments etc	102,782	117,839
Pension contributions to money purchase schemes	<u>5,600</u>	<u>-</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	31/7/15	31/7/14
	£	£
VAT interest	-	639
Hire purchase	<u>11,286</u>	<u>68,557</u>
	<u>11,286</u>	<u>69,196</u>

5. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 July 2015 nor for the year ended 31 July 2014.

Castle Precision Engineering
(Glasgow) Limited

Notes to the Abbreviated Accounts - continued
for the Year Ended 31 July 2015

5. TAXATION - continued

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:

	31/7/15 £	31/7/14 £
Profit on ordinary activities before tax	16,856	487,927
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2014 - 20%)	3,371	97,585
Effects of:		
Expenses not deductible for tax purposes	1,479	2,371
Income not taxable for tax purposes	(4,400)	(41,340)
Capital allowances in excess of depreciation	-	(12,863)
Depreciation in excess of capital allowances	67,710	-
Utilisation of tax losses	(47,639)	(45,753)
Research and development enhanced expenditure	(20,521)	-
Current tax charge	-	-

6. TANGIBLE FIXED ASSETS

	Freehold property £	Improvements to property £	Plant and machinery £
COST			
At 1 August 2014	2,694,464	7,579	19,158,984
Additions	-	-	39,534
Disposals	-	-	(16,500)
At 31 July 2015	2,694,464	7,579	19,182,018
DEPRECIATION			
At 1 August 2014	626,571	1,050	15,678,734
Charge for year	52,716	150	839,854
Eliminated on disposal	-	-	(13,200)
At 31 July 2015	679,287	1,200	16,505,388
NET BOOK VALUE			
At 31 July 2015	2,015,177	6,379	2,676,630
At 31 July 2014	2,067,893	6,529	3,480,250

Castle Precision Engineering
(Glasgow) Limited

Notes to the Abbreviated Accounts - continued
for the Year Ended 31 July 2015

6. TANGIBLE FIXED ASSETS - continued

	Office and computer equipment £	Motor vehicles £	Totals £
COST			
At 1 August 2014	2,618,980	467,901	24,947,908
Additions	63,355	-	102,889
Disposals	-	(106,009)	(122,509)
At 31 July 2015	2,682,335	361,892	24,928,288
DEPRECIATION			
At 1 August 2014	2,121,855	263,249	18,691,459
Charge for year	138,705	47,909	1,079,334
Eliminated on disposal	-	(78,663)	(91,863)
At 31 July 2015	2,260,560	232,495	19,678,930
NET BOOK VALUE			
At 31 July 2015	421,775	129,397	5,249,358
At 31 July 2014	497,125	204,652	6,256,449

Included in plant and machinery are assets costing £865,000 and depreciation of £93,708 which are subject to hire purchase agreements.

7. STOCKS

	31/7/15 £	31/7/14 £
Work-in-progress	2,040,173	2,337,742

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31/7/15 £	31/7/14 £
Trade debtors	2,264,064	2,559,418
Other debtors	10,220	7,293
Directors' current accounts	7,416	-
Prepayments	70,217	27,300
	2,351,917	2,594,011

9. CASH AT BANK AND IN HAND

	31/7/15 £	31/7/14 £
Bank account no. 1	2,448,381	927,250
Cash in hand	2,000	2,577
	2,450,381	929,827

Castle Precision Engineering
(Glasgow) Limited

Notes to the Abbreviated Accounts - continued
for the Year Ended 31 July 2015

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31/7/15	31/7/14
	£	£
Hire purchase contracts (see note 12)	255,000	255,000
Trade creditors	1,510,425	1,798,167
Social security and other taxes	164,549	142,602
VAT	335,423	186,204
SIG Funds repayable	260,276	-
Accrued expenses	295,391	417,311
Deferred government grants	22,000	16,400
	<u>2,843,064</u>	<u>2,815,684</u>

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

	31/7/15	31/7/14
	£	£
Hire purchase contracts (see note 12)	255,000	510,000
SIG Funds repayable	156,164	-
Deferred government grants	159,600	131,200
	<u>570,764</u>	<u>641,200</u>

12. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	Hire purchase contracts	
	31/7/15	31/7/14
	£	£
Gross obligations repayable:		
Within one year	266,436	266,436
Between one and five years	266,436	532,723
	<u>532,872</u>	<u>799,159</u>
Finance charges repayable:		
Within one year	11,436	11,436
Between one and five years	11,436	22,723
	<u>22,872</u>	<u>34,159</u>
Net obligations repayable:		
Within one year	255,000	255,000
Between one and five years	255,000	510,000
	<u>510,000</u>	<u>765,000</u>

Notes to the Abbreviated Accounts - continued
for the Year Ended 31 July 2015

12. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES - continued

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

	Land and buildings	
	31/7/15	31/7/14
	£	£
Expiring:		
Between one and five years	18,000	18,000

13. SECURED DEBTS

The bank holds a floating charge over the assets and undertakings of the company.

14. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31/7/15	31/7/14
			£	£
3,000	Ordinary	£1	3,000	3,000

15. RESERVES

	Profit and loss account £
At 1 August 2014	8,658,145
Profit for the year	16,856
At 31 July 2015	8,675,001

16. CAPITAL COMMITMENTS

	31/7/15	31/7/14
	£	£
Contracted but not provided for in the financial statements	375,543	-

In June 2015, the company entered into an agreement to purchase a piece of machinery for £417,270 plus VAT. At the year end, 10% of this had been paid and the balance of £375,543 will be paid via a hire purchase agreement post year end.

17. RELATED PARTY DISCLOSURES

During the year the company made sales to Linn Products Limited, a company owned and controlled by a family member totalling £167,737 (2014 - £29,460)..

At 31 July 2015 the balance due from Linn Products Limited was £23,544 (2014 - £12,041).

Company director, Roxanne Tiefenbrun purchased her company car in the year for market value of £9,236. This has been treated as a loan to the director and is being repaid at £260 per month.

Castle Precision Engineering
(Glasgow) Limited

Notes to the Abbreviated Accounts - continued
for the Year Ended 31 July 2015

18. POST BALANCE SHEET EVENTS

Included in the financial statements last year was a provision of £150K regarding the cancelling of an order for one of the company's largest customers. There have been negotiations with the customer with regard to the final amount owed. Some of this has been repaid this year. Also, it is the directors' view that there is a further provision required of £40K as it is possible that the company may have to pay back more than originally expected.

In quarter one in 2016, the company carried out a business right sizing resulting in a headcount reduction of approximately 10%. The decision was taken in order to reflect the new market demand levels after challenging conditions faced by our customers in the oil and gas and aero engine sectors. The right sizing was primarily focused around periphery support functions with some reduction in production capacity to match the affected sectors. The business however maintained the size of its core engineering.

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31/7/15	31/7/14
	£	£
Profit for the financial year	16,856	487,927
	<hr/>	<hr/>
Net addition to shareholders' funds	16,856	487,927
Opening shareholders' funds	8,661,145	8,173,218
	<hr/>	<hr/>
Closing shareholders' funds	8,678,001	8,661,145
	<hr/>	<hr/>