

Abbreviated Audited Accounts
for the Year Ended 31 July 2014
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 2014

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Castle Precision Engineering
(Glasgow) Limited

Company Information
for the Year Ended 31 July 2014

DIRECTORS:

M Tiefenbrun
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 2014

REVIEW OF BUSINESS

The directors present their report with the financial statements of the company for the year ended 31 July 2014.

In this financial year the company's turnover increased by just under 8% and maintained a profitable performance following last financial year's return to profit, post recession. As expected 2013/2014 remained a challenging operating environment with increasing cost and global competition pressures.

The company is committed 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 significant short and medium term challenges but is key to securing the company's long term future and position in the market.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the manufacture of precision aerospace components in medium volumes.

DIVIDENDS

There will be no dividend payments for the year ended 31 July 2014. No dividends will be paid in view of the company's requirement to preserve funds to support its capital investment requirements.

DIRECTORS

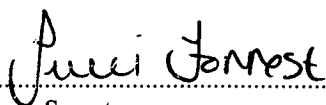
The directors shown below have held office during the whole of the period from 1 August 2013 to the financial year ended 31 July 2014:

M Tiefenbrun
Mrs R Tiefenbrun
Y Tiefenbrun
Miss R E Tiefenbrun

The Directors are sad to report the passing of former Managing Director Marcus Tiefenbrun on 18th December 2014.

The remaining directors continue to hold office at the date of this report.

ON BEHALF OF THE BOARD:


.....
J Forrest - Secretary

Date: 26-2-15

Castle Precision Engineering
(Glasgow) Limited

Report of the Directors
for the Year Ended 31 July 2014

The directors present their report with the accounts of the company for the year ended 31 July 2014.

DIVIDENDS

There will be no dividend payments for the year ended 31 July 2014. 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 2013 to the date of this report.

M Tiefenbrun
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.

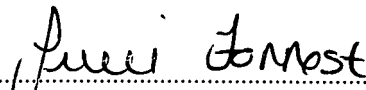
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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 Forrester Secretary

Date: 26-2-15

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 fifteen, together with the full financial statements of Castle Precision Engineering (Glasgow) Limited for the year ended 31 July 2014 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

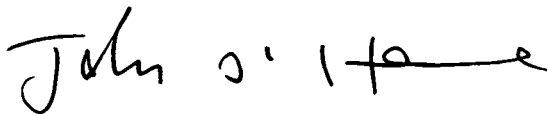
The directors are responsible for preparing the abbreviated accounts in accordance with Section 445 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated 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: 26/2/15

Castle Precision Engineering
(Glasgow) Limited

Abbreviated Profit and Loss Account
for the Year Ended 31 July 2014

	Notes	31/7/14 £	31/7/13 £
TURNOVER		18,174,528	16,889,793
Cost of sales and other operating income		(11,897,051)	(10,346,285)
		<hr/> 6,277,477	<hr/> 6,543,508
Administrative expenses		<hr/> 5,721,574	<hr/> 5,986,644
OPERATING PROFIT	3	555,903	556,864
Interest receivable and similar income		<hr/> 1,220	<hr/> 410
		557,123	557,274
Interest payable and similar charges	4	<hr/> 69,196	<hr/> 81,888
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		487,927	475,386
Tax on profit on ordinary activities	5	<hr/> -	<hr/> -
PROFIT FOR THE FINANCIAL YEAR		<hr/> <hr/> 487,927	<hr/> <hr/> 475,386

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.

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

Abbreviated Balance Sheet
31 July 2014

	Notes	31/7/14 £	£	31/7/13 £	£
FIXED ASSETS					
Tangible assets	6		6,256,449		6,097,327
CURRENT ASSETS					
Stocks	7	2,337,742		2,421,730	
Debtors	8	2,594,011		2,344,720	
Cash at bank and in hand	9	929,827		1,018,131	
		5,861,580		5,784,581	
CREDITORS					
Amounts falling due within one year	10	2,815,684		3,591,820	
NET CURRENT ASSETS			3,045,896		2,192,761
TOTAL ASSETS LESS CURRENT LIABILITIES			9,302,345		8,290,088
CREDITORS					
Amounts falling due after more than one year	11		641,200		116,870
NET ASSETS			8,661,145		8,173,218
CAPITAL AND RESERVES					
Called up share capital	14		3,000		3,000
Profit and loss account	15		8,658,145		8,170,218
SHAREHOLDERS' FUNDS	18		8,661,145		8,173,218

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 26-2-15 and were signed on its behalf by:



Y L Tiefenbrun - Director

Castle Precision Engineering
(Glasgow) Limited

Cash Flow Statement
for the Year Ended 31 July 2014

	Notes	31/7/14		31/7/13	
		£	£	£	£
Net cash inflow from operating activities	1		1,110,293		1,809,724
Returns on investments and servicing of finance	2		(67,976)		(81,478)
Capital expenditure	2		(1,174,458)		(171,167)
			(132,141)		1,557,079
Financing	2		43,837		(898,882)
(Decrease)/increase in cash in the period			(88,304)		658,197
<hr/>					
Reconciliation of net cash flow to movement in net funds	3				
(Decrease)/increase in cash in the period		(88,304)		658,197	
Cash (inflow)/outflow from (increase)/decrease in debt and lease financing		(43,837)		898,882	
Change in net funds resulting from cash flows			(132,141)		1,557,079
Movement in net funds in the period			(132,141)		1,557,079
Net funds/(debt) at 1 August			296,968		(1,260,111)
Net funds at 31 July			164,827		296,968

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 2014

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

	31/7/14	31/7/13
	£	£
Operating profit	555,903	556,864
Depreciation charges	1,043,586	1,103,690
(Profit)/loss on disposal of fixed assets	(28,250)	5,705
Deferred government grant release	(206,701)	(184,429)
Grants received	64,000	100,000
Decrease/(increase) in stocks	83,988	(308,822)
(Increase)/decrease in debtors	(249,291)	162,415
(Decrease)/increase in creditors	(152,942)	374,301
Net cash inflow from operating activities	1,110,293	1,809,724

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

	31/7/14	31/7/13
	£	£
Returns on investments and servicing of finance		
Interest received	1,220	410
Interest paid	(639)	-
Interest element of hire purchase payments	(68,557)	(81,888)
Net cash outflow for returns on investments and servicing of finance	(67,976)	(81,478)
 Capital expenditure		
Purchase of tangible fixed assets	(1,202,708)	(213,869)
Sale of tangible fixed assets	28,250	42,702
Net cash outflow for capital expenditure	(1,174,458)	(171,167)
 Financing		
Funding / (capital repaid)	43,837	(898,882)
Net cash inflow/(outflow) from financing	43,837	(898,882)

Castle Precision Engineering
(Glasgow) Limited

Notes to the Cash Flow Statement
for the Year Ended 31 July 2014

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.8.13 £	Cash flow £	At 31.7.14 £
Net cash:			
Cash at bank and in hand	1,018,131	(88,304)	929,827
	<u>1,018,131</u>	<u>(88,304)</u>	<u>929,827</u>
Debt:			
Hire purchase	(721,163)	(43,837)	(765,000)
	<u>(721,163)</u>	<u>(43,837)</u>	<u>(765,000)</u>
Total	<u>296,968</u>	<u>(132,141)</u>	<u>164,827</u>

Castle Precision Engineering
(Glasgow) Limited

Notes to the Abbreviated Accounts
for the Year Ended 31 July 2014

1. ACCOUNTING POLICIES

Accounting convention

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

Turnover

Turnover represents the amounts derived from the provision of goods and services, excluding 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 and an appropriate proportion of fixed and variable overheads.

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

	31/7/14	31/7/13
	£	£
Wages and salaries	5,372,515	5,471,057
Social security costs	573,120	579,864
Other pension costs	227,272	237,636
	<u>6,172,907</u>	<u>6,288,557</u>

Castle Precision Engineering
(Glasgow) Limited

Notes to the Abbreviated Accounts - continued
for the Year Ended 31 July 2014

2. STAFF COSTS - continued

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

	31/7/14	31/7/13
Management and administration	72	75
Manufacturing	75	76
	<u>147</u>	<u>151</u>

3. OPERATING PROFIT

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

	31/7/14	31/7/13
	£	£
Hire of plant and machinery	20,370	22,686
Depreciation - owned assets	1,043,586	1,103,690
(Profit)/loss on disposal of fixed assets	(28,250)	5,705
Auditors' remuneration	9,000	5,600
Auditors' remuneration for non audit work	13,663	20,740
	<u>279,320</u>	<u>276,915</u>
Directors' remuneration	40,800	40,800
Directors' pension contributions to money purchase schemes	<u>40,800</u>	<u>40,800</u>

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

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

Information regarding the highest paid director is as follows:

	31/7/14	31/7/13
	£	£
Emoluments etc	<u>117,839</u>	<u>135,338</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	31/7/14	31/7/13
	£	£
VAT interest	639	-
Hire purchase	68,557	81,888
	<u>69,196</u>	<u>81,888</u>

5. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 July 2014 nor for the year ended 31 July 2013.

Castle Precision Engineering
(Glasgow) Limited

Notes to the Abbreviated Accounts - continued
for the Year Ended 31 July 2014

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:

	31/7/14 £	31/7/13 £
Profit on ordinary activities before tax	487,927	475,386
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2013 - 20%)	97,585	95,077
Effects of:		
Expenses not deductible for tax purposes	35	3,953
Income not taxable for tax purposes	(41,340)	(36,886)
Capital allowances in excess of depreciation	(25,196)	-
Depreciation in excess of capital allowances	-	41,426
Utilisation of tax losses	(31,084)	57,489
Research and development enhanced expenditure	-	(161,059)
Current tax charge	-	-

6. **TANGIBLE FIXED ASSETS**

	Freehold property £	Improvements to property £	Plant and machinery £
COST			
At 1 August 2013	2,694,464	7,579	18,113,766
Additions	-	-	1,175,218
Disposals	-	-	(130,000)
At 31 July 2014	2,694,464	7,579	19,158,984
DEPRECIATION			
At 1 August 2013	573,855	900	15,049,839
Charge for year	52,716	150	758,895
Eliminated on disposal	-	-	(130,000)
At 31 July 2014	626,571	1,050	15,678,734
NET BOOK VALUE			
At 31 July 2014	2,067,893	6,529	3,480,250
At 31 July 2013	2,120,609	6,679	3,063,927

Castle Precision Engineering
(Glasgow) Limited

Notes to the Abbreviated Accounts - continued
for the Year Ended 31 July 2014

6. **TANGIBLE FIXED ASSETS - continued**

	Office and computer equipment £	Motor vehicles £	Totals £
COST			
At 1 August 2013	2,601,143	458,248	23,875,200
Additions	17,837	9,653	1,202,708
Disposals	-	-	(130,000)
At 31 July 2014	2,618,980	467,901	24,947,908
DEPRECIATION			
At 1 August 2013	1,948,221	205,058	17,777,873
Charge for year	173,634	58,191	1,043,586
Eliminated on disposal	-	-	(130,000)
At 31 July 2014	2,121,855	263,249	18,691,459
NET BOOK VALUE			
At 31 July 2014	497,125	204,652	6,256,449
At 31 July 2013	652,922	253,190	6,097,327

Included in plant and machinery are assets costing £3,671,500 and depreciation of £1,383,639 which are subject to hire purchase agreements.

7. **STOCKS**

	31/7/14 £	31/7/13 £
Work-in-progress	2,337,742	2,421,730

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

	31/7/14 £	31/7/13 £
Trade debtors	2,559,418	2,191,301
Other debtors	7,293	19,626
Prepayments	27,300	133,793
	2,594,011	2,344,720

9. **CASH AT BANK AND IN HAND**

	31/7/14 £	31/7/13 £
Bank account no. 1	927,250	1,015,343
Cash in hand	2,577	2,788
	929,827	1,018,131

Castle Precision Engineering
(Glasgow) Limited

Notes to the Abbreviated Accounts - continued
for the Year Ended 31 July 2014

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31/7/14	31/7/13
	£	£
Hire purchase contracts (see note 12)	255,000	721,163
Trade creditors	1,798,167	2,125,795
Social security and other taxes	142,602	153,083
VAT	186,204	399,122
Accrued expenses	417,311	19,226
Deferred government grants	16,400	173,431
	<u>2,815,684</u>	<u>3,591,820</u>

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

	31/7/14	31/7/13
	£	£
Hire purchase contracts (see note 12)	510,000	-
Deferred government grants	131,200	116,870
	<u>641,200</u>	<u>116,870</u>

12. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	Hire purchase contracts	
	31/7/14	31/7/13
	£	£
Gross obligations repayable:		
Within one year	266,436	789,720
Between one and five years	532,723	-
	<u>799,159</u>	<u>789,720</u>
Finance charges repayable:		
Within one year	11,436	68,557
Between one and five years	22,723	-
	<u>34,159</u>	<u>68,557</u>
Net obligations repayable:		
Within one year	255,000	721,163
Between one and five years	510,000	-
	<u>765,000</u>	<u>721,163</u>

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

	Land and buildings	
	31/7/14	31/7/13
	£	£
Expiring:		
Between one and five years	18,000	18,000
	<u>18,000</u>	<u>18,000</u>

Castle Precision Engineering
(Glasgow) Limited

Notes to the Abbreviated Accounts - continued
for the Year Ended 31 July 2014

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:	31/7/14	31/7/13
		£1	£	£
3,000	Ordinary		<u>3,000</u>	<u>3,000</u>

15. RESERVES

	Profit and loss account £
At 1 August 2013	8,170,218
Profit for the year	<u>487,927</u>
At 31 July 2014	<u>8,658,145</u>

16. RELATED PARTY DISCLOSURES

During the current and previous year, the company was controlled by Marcus Tiefenbrun.

During the year the company made sales to Linn Products Limited, a company owned and controlled by Marcus Tiefenbrun's brother totalling £29,460 (2013 - £178,090).

At 31 July 2014 the balance due from Linn Products Limited was £12,041 (2013 - £28,843).

17. POST BALANCE SHEET EVENTS

Included within the financial statements is a £150k provision regarding the cancelling of an order for one of the company's largest customers. The customer cancelled this order in late January and there will be negotiations with this customer to come to an agreement regarding the final amounts owed to the customer.

After the year end, there has also been a sales credit raised in the sum of £59,754; the reason for this credit was due to fluctuations in forging rates which have not previously been taken account in respect of a customer in China.

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31/7/14	31/7/13
	£	£
Profit for the financial year	<u>487,927</u>	<u>475,386</u>
Net addition to shareholders' funds	487,927	475,386
Opening shareholders' funds	<u>8,173,218</u>	<u>7,697,832</u>
Closing shareholders' funds	<u>8,661,145</u>	<u>8,173,218</u>