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Ayrshire Aluminium Co. Limited

Report and Financial Statements

Year Ended

30. June 2009

Company Number 75647



BDO

Ayrshire Aluminium Co. Limited

Report and financial statements for the year ended 30 June 2009

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Directors

A J Crabb
M S Yarlett
R McKnight

Secretary and registered office

R McKnight, Block 2, Bonnyton Industrial Estate, Munro Place, Kilmarnock, KA1 2NP

Company number

75647

Auditors

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

Bankers

Bank of Scotland, 30/34 King Street, Kilmarnock, Ayrshire, KA1 1NP

Solicitors

Mackintosh and Wylie, 23 The Foregate, Kilmarnock, Ayrshire, KA1 1LE

Ayrshire Aluminium Co. Limited

Report of the directors for the year ended 30 June 2009

The directors present their report together with the audited financial statements for the year ended 30 June 2009.

Results and dividends

The profit and loss account is set out on page 5 and shows the loss for the year.

Interim dividends of 163.3p per share were paid to the ordinary shareholders during the year. The directors do not recommend the payment of a final dividend.

Principal activities, review of business and future developments

The groups principal activities are the manufacture and installation of double glazing products.

The group results to 30 June 2009 show a loss of £278,000 and are the worst in the group's history.

This poor trading performance has placed severe pressure on the trading company's financial position and we are currently finding it difficult to maintain our overdraft within the agreed facility.

The global recession hit all sectors of our business resulting in a decrease in revenue of £1.7 million on the previous year and although we took action in October 2008 to reduce costs it became apparent in February/March 2009 that drastic action would have to be taken to stem the flow of losses.

To date we have initiated savings of some £400,000 per annum with possibly some restructuring of the business and more cost savings in the pipeline.

Projected results have been set for the years to 2011 and 2012 and each operating sector will be regarded as an individual income and cost centre and the performance of each monitored on a monthly basis to establish the contribution of each one to the overall level of performance.

Financial risks and uncertainties

The group's credit risk is primarily attributable to its trade debtors. Credit risk is managed by running credit checks on new customers and by monitoring payments against strict contractual agreements.

The trading company utilises its bank facility as part of its management of working capital. As a direct result of monitoring cash flows the company ensures it always remains within the agreed facility level. Forecasts and projections are reviewed regularly, and sensitivity analysis performed to ensure that the company can continue to operate within its current facility.

Post balance sheet events

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

Directors' Indemnity Insurance

The directors have been indemnified by the company in respect of any costs incurred by them in defending any proceedings brought against them arising out of their positions as directors of the company.

Directors

The directors of the company during the year were:

A J Crabb
M S Yarlott
R McKnight

Ayrshire Aluminium Co. Limited

Report of the directors for the year ended 30 June 2009 (continued)

Directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and company 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 group and company and of the profit or loss of the group 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.

Auditors

All of the current directors have taken all the steps that 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 have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the board



R McKnight
Secretary

19 July 2010

Ayrshire Aluminium Co. Limited

Independent auditor's report

TO THE MEMBERS OF AYRSHIRE ALUMINIUM CO. LIMITED

We have audited the financial statements of Ayrshire Aluminium Co. Limited for the year ended 30 June 2009 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement 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 Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent 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 group's and the parent company's affairs as at 30 June 2009 and of the group's loss 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.

Ayrshire Aluminium Co. Limited

Independent auditor's report (*continued*)

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

BDO LLP

Andrew McNamara (*senior statutory auditor*)
For and on behalf of BDO LLP, statutory auditor
Glasgow
United Kingdom

22 July 2010

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

Ayrshire Aluminium Co. Limited

Consolidated profit and loss account for the year ended 30 June 2009

	Note	2009 £	2008 £
Turnover	2	8,798,668	10,451,166
Cost of sales		6,991,894	7,881,250
		<hr/>	<hr/>
Gross profit		1,806,774	2,569,916
Distribution costs		932,585	1,059,886
Administrative expenses		1,126,917	1,274,821
		<hr/>	<hr/>
Group operating (loss)/profit	3	(252,728)	235,209
Interest receivable		67	308
Interest payable	6	(25,463)	(32,896)
		<hr/>	<hr/>
(Loss)/profit on ordinary activities before taxation		(278,124)	202,621
Taxation on (loss)/profit on ordinary activities	7	67,037	(58,004)
		<hr/>	<hr/>
(Loss)/profit on ordinary activities after taxation		(211,087)	144,617
		<hr/>	<hr/>

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 23 form part of these financial statements.

Ayrshire Aluminium Co. Limited

Consolidated balance sheet at 30 June 2009

<i>Company number 75647</i>	Note	2009 £	2009 £	2008 £	2008 £
Fixed assets					
Tangible assets	10		561,419		612,909
Current assets					
Stocks	12	364,023		443,574	
Debtors	13	1,418,263		1,786,128	
Cash at bank and in hand		1,981		5,170	
		<u>1,784,267</u>		<u>2,234,872</u>	
Creditors: amounts falling due within one year	14	<u>1,882,068</u>		<u>2,119,557</u>	
Net current (liabilities)/assets			(97,801)		115,315
Total assets less current liabilities			<u>463,618</u>		<u>728,224</u>
Creditors: amounts falling due after more than one year	15	88,418		93,318	
Provisions for liabilities	16	<u>25,103</u>		<u>33,722</u>	
			<u>113,521</u>		<u>127,040</u>
			<u>350,097</u>		<u>601,184</u>
Capital and reserves					
Called up share capital	18		24,501		24,501
Capital redemption reserve	19		25,499		25,499
Profit and loss account	19		300,097		551,184
Shareholders' funds	20		<u>350,097</u>		<u>601,184</u>

The financial statements were approved by the board of directors and authorised for issue on 19 July 2010.



A J Crabb
Director

The notes on pages 9 to 23 form part of these financial statements.

Ayrshire Aluminium Co. Limited

Company balance sheet at 30 June 2009

<i>Company number 75647</i>	Note	2009 £	2009 £	2008 £	2008 £
Fixed assets					
Tangible assets	10		1		1
Fixed asset investments	11		306,115		306,115
			<u>306,116</u>		<u>306,116</u>
Current assets					
Debtors	13	26,906		101,494	
Cash at bank and in hand		950		4,553	
		<u>27,856</u>		<u>106,047</u>	
Creditors: amounts falling due within one year	14	28,602		61,173	
		<u>28,602</u>		<u>61,173</u>	
Net current (liabilities)/assets			(746)		44,874
Total assets less current liabilities			<u>305,370</u>		<u>350,990</u>
Capital and reserves					
Called up share capital	18		24,501		24,501
Capital redemption reserve	19		25,499		25,499
Profit and loss account	19		255,370		300,990
			<u>305,370</u>		<u>300,990</u>
Shareholders' funds	20		<u>305,370</u>		<u>350,990</u>

The financial statements were approved by the board of directors and authorised for issue on 19 July 2010.



A J Crabb
Director

The notes on pages 9 to 23 form part of these financial statements.

Ayrshire Aluminium Co. Limited

Consolidated cashflow statement for the year ended 30 June 2009

	Note	2009 £	2009 £	2008 £	2008 £
Net cash inflow from operating activities	24		65,634		175,766
Returns on investments and servicing of finance					
Interest received		67		308	
Interest paid: bank loans		(10,263)		(18,585)	
Interest paid: other loans		(293)		(11)	
Interest paid: hire purchase		(14,907)		(14,300)	
Net cash outflow from returns on investments and servicing of finance			(25,396)		(32,588)
Taxation					
Corporation tax paid			(62,232)		(1,210)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(5,312)		(18,321)	
Receipts from sale of tangible fixed assets		14,228		10,300	
Net cash inflow/(outflow) from capital expenditure and financial investment			8,916		(8,021)
Dividends paid			(40,000)		(21,924)
Cash (outflow)/inflow before use of financing			(53,078)		112,023
Financing					
Capital element of hire purchase repaid			(89,384)		(80,639)
(Decrease)/increase in cash	25		(142,462)		31,384

The notes on pages 9 to 23 form part of these financial statements.

Ayrshire Aluminium Co. Limited

Notes forming part of the financial statements for the year ended 30 June 2009

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:

Basis of consolidation

The consolidated financial statements incorporate the results of Ayrshire Aluminium Co. Limited and all of its subsidiary undertakings as at 30 June 2009 using the acquisition method of accounting. The results of subsidiary undertakings are included from the date of acquisition.

Goodwill

Goodwill arising on an acquisition of a subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Positive goodwill is capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life which is 10 years. Impairment tests on the carrying value of goodwill are undertaken:

- at the end of the first full financial year following acquisition;
- in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except for freehold land, over their expected useful lives. It is calculated at the following rates:

Buildings	- 2% straight line
Leasehold property improvements	- over the length of the lease
Plant and machinery	- 20% reducing balance and 5 to 10 years straight line
Motor vehicles	- 25% straight line
Office equipment	- 15% reducing balance and 4 years straight line

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost consists of purchase invoice costs and, where appropriate, attributable overheads. Work in progress is valued at the lower of cost and net realisable value. Cost consists of direct materials, labour and attributable overheads. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- the recognition of deferred tax assets is limited to the extent that the group anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Ayrshire Aluminium Co. Limited

Notes forming part of the financial statements for the year ended 30 June 2009 *(continued)*

1 Accounting policies *(continued)*

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.

Pension costs

Contributions to the group's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

Guarantees and warranties

Provision is made for the expected cost of maintenance under guarantees and warranties.

Going concern

The accounts have been prepared on a going concern basis.

The business activities, together with the factors likely to affect its future development, performance and position are set out in the business review on page 1. Also included in the directors' report is a summary of the key risks facing the business, in particular the company's exposure to credit risk and liquidity risk

The directors have prepared detailed, robust financial projections which identified the need for some additional short-term funding to allow the trading company (Scotia Double Glazing Limited) to have sufficient working capital to fulfil its obligations. The company's shareholders will inject loan funding into the business to fill this funding gap, and the company also has the continued support of its bankers. The projections indicate a return to profitability in 2010/11 with the company having sufficient cash to allow it to operate within its banking facilities. The banking facilities are due for renewal in January 2011 and subject to the projected figures being achieved the directors are confident that the banking facilities will be extended beyond the renewal date.

As a consequence, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, it is appropriate to adopt the going concern basis in preparing this annual report and financial statements.

Ayrshire Aluminium Co. Limited

Notes forming part of the financial statements
for the year ended 30 June 2009 (continued)

2 Turnover

Turnover is wholly attributable to the principal activity of the group and arises solely within the United Kingdom.

3 Operating (loss)/profit

	2009 £	2008 £
This is arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	96,443	98,298
Loss/(profit) on disposal of tangible fixed assets	2,526	(4,956)
Auditors' remuneration:		
Auditors' remuneration	9,500	9,500
Rent of property - operating leases	53,750	55,401
	<u> </u>	<u> </u>

4 Employees

Staff costs (including directors) consist of:

	Group 2009 £	Group 2008 £
Wages and salaries	1,223,098	1,367,272
Social security costs	139,900	153,901
Other pension costs	49,650	46,763
	<u> </u>	<u> </u>
	1,412,648	1,567,936
	<u> </u>	<u> </u>

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

	Group 2009 Number	Group 2008 Number
Management and administration	24	25
Production, installation and sales	46	56
	<u> </u>	<u> </u>
	70	81
	<u> </u>	<u> </u>

Ayrshire Aluminium Co. Limited

Notes forming part of the financial statements
for the year ended 30 June 2009 (*continued*)

5 Directors' remuneration

	2009 £	2008 £
Directors' emoluments	179,545	222,251
Company contributions to money purchase pension schemes	37,500	33,900

The total amount payable to the highest paid director in respect of emoluments was £106,981 (2008 - £147,111). Company pension contributions of £25,620 (2008 - £23,100) were made to a money purchase scheme on his behalf.

6 Interest payable

	2009 £	2008 £
Bank loans and overdrafts	10,263	18,585
Hire purchase contracts	14,907	14,300
Interest on corporation tax	293	11
	<u>25,463</u>	<u>32,896</u>

7 Taxation on (loss)/profit on ordinary activities

	2009 £	2008 £
<i>UK Corporation tax</i>		
Current tax on profits of the year	(58,418)	59,331
<i>Deferred tax</i>		
Origination and reversal of timing differences	(8,619)	(1,327)
	<u>(67,037)</u>	<u>58,004</u>

Ayrshire Aluminium Co. Limited

Notes forming part of the financial statements
for the year ended 30 June 2009 (continued)

7 Taxation on (loss)/profit on ordinary activities (continued)

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

	2009 £	2008 £
(Loss)/profit on ordinary activities before tax	(278,124)	202,621
(Loss)/profit on ordinary activities at the standard rate of corporation tax in the UK of 28% (2008 - 30%)	(77,875)	60,786
Effect of:		
Expenses not deductible for tax purposes	3,897	3,439
Depreciation for period in excess of capital allowances	5,764	4,326
Provisions tax adjustment	2,240	-
Marginal relief	-	(6,650)
Rate variance	7,556	(2,570)
Current tax (credit)/charge for the year	(58,418)	59,331

8 Dividends

	2009 £	2008 £
Ordinary shares		
Interim paid of 163.3p (2008 - 68.3p) per share	40,000	16,735

9 Profit for the financial year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The group loss for the year includes a loss after tax of £5,620 (2008 - £12,893 profit) which is dealt with in the financial statements of the parent company.

Ayrshire Aluminium Co. Limited

Note forming part of the financial statements
for the year ended 30 June 2009 (*continued*)

10 Tangible fixed assets

Group	Freehold land and buildings £	Leasehold land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost						
At 1 July 2008	302,026	51,962	699,582	154,012	177,220	1,384,802
Additions	-	-	-	58,745	2,962	61,707
Disposals	-	-	-	(75,204)	-	(75,204)
At 30 June 2009	302,026	51,962	699,582	137,553	180,182	1,371,305
Depreciation						
At 1 July 2008	98,415	40,425	373,270	99,180	160,603	771,893
Provided for the year	6,482	4,888	47,468	29,641	7,964	96,443
Disposals	-	-	-	(58,450)	-	(58,450)
At 30 June 2009	104,897	45,313	420,738	70,371	168,567	809,886
Net book value						
At 30 June 2009	197,129	6,649	278,844	67,182	11,615	561,419
At 30 June 2008	203,611	11,537	326,312	54,832	16,617	612,909

Ayrshire Aluminium Co. Limited

Notes forming part of the financial statements
for the year ended 30 June 2009 *(continued)*

10 Tangible fixed assets *(continued)*

Company

	Fixtures and fittings £
<i>Cost</i>	
At 1 July 2008 and 30 June 2009	182
<i>Depreciation</i>	
At 1 July 2008 and 30 June 2009	181
<i>Net book value</i>	
At 30 June 2008 and 30 June 2009	1

The net book value of, and depreciation charge for the year on, tangible fixed assets includes assets held under hire purchase contracts as follows:

	Group 2009 £	Group 2008 £	Company 2009 £	Company 2008 £
<i>Net book value</i>				
Plant and machinery	67,070	250,608	-	-
Motor vehicles	55,445	40,875	-	-
	<u>122,515</u>	<u>291,483</u>	<u>-</u>	<u>-</u>
<i>Depreciation charged</i>				
Plant and machinery	9,583	31,536	-	-
Motor vehicles	18,795	21,595	-	-
	<u>28,378</u>	<u>53,131</u>	<u>-</u>	<u>-</u>

Ayrshire Aluminium Co. Limited

Notes forming part of the financial statements
for the year ended 30 June 2009 (*continued*)

11 Fixed asset investments

Company

	Group undertakings £
<i>Cost</i>	
At 1 July 2008 and 30 June 2009	306,115

Subsidiary undertakings, associated undertakings and other investments

The principal undertakings in which the company's interest at the year end is 20% or more are as follows:

	Country of incorporation or registration	Proportion of voting rights and ordinary share capital held	Nature of business	Last year end
<i>Subsidiary undertakings</i>				
Scotia Double Glazing Limited	Scotland	100%	Manufacture and installation of double glazing products	30/6/09

12 Stocks

	Group 2009 £	Group 2008 £	Company 2009 £	Company 2008 £
Raw materials and consumables	237,236	260,822	-	-
Work in progress	126,787	182,752	-	-
	<u>364,023</u>	<u>443,574</u>	<u>-</u>	<u>-</u>

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

Ayrshire Aluminium Co. Limited

Notes forming part of the financial statements
for the year ended 30 June 2009 (continued)

13 Debtors

	Group 2009 £	Group 2008 £	Company 2009 £	Company 2008 £
Trade debtors	1,009,587	1,484,496	-	-
Amounts owed by group undertakings	-	-	23,633	101,494
Corporation tax recoverable	61,319	-	3,273	-
Prepayments and accrued income	294,609	301,632	-	-
Amounts recoverable on contracts	52,748	-	-	-
	<u>1,418,263</u>	<u>1,786,128</u>	<u>26,906</u>	<u>101,494</u>

All amounts shown under debtors fall due for payment within one year.

14 Creditors: amounts falling due within one year

	Group 2009 £	Group 2008 £	Company 2009 £	Company 2008 £
Bank loans and overdrafts (secured)	380,314	241,041	-	-
Payments received on account	218,945	311,605	-	-
Trade creditors	985,853	979,065	-	-
Corporation tax	-	59,331	-	3,273
Other taxation and social security	81,132	115,762	-	-
Obligations under hire purchase contracts	50,351	78,440	-	-
Directors' loans	27,102	-	27,102	-
Other creditors	45,215	152,747	-	-
Accruals and deferred income	93,156	181,566	1,500	57,900
	<u>1,882,068</u>	<u>2,119,557</u>	<u>28,602</u>	<u>61,173</u>

The bank overdraft is secured by bond and floating charge over all of the company assets and by a standard security over the premises at 449 Clarkston Road, Glasgow and Factory Block 2, Bonnyton Industrial Estate, Kilmarnock.

Hire purchase liabilities are secured over the assets being financed.

Ayrshire Aluminium Co. Limited

Notes forming part of the financial statements
for the year ended 30 June 2009 (continued)

15 Creditors: amounts falling due after more than one year

	Group 2009 £	Group 2008 £	Company 2009 £	Company 2008 £
Obligations under hire purchase contracts	88,418	93,318	-	-
Maturity of debt:				
	Loans and overdrafts 2009 £	Loans and overdrafts 2008 £	Hire purchase 2009 £	Hire purchase 2008 £
In one year or less, or on demand	380,314	241,041	50,351	78,440
In more than one year but not more than two years	-	-	46,359	47,014
In more than two years but not more than five years	-	-	42,059	46,304
	-	-	88,418	93,318

Hire purchase liabilities are secured over the assets being financed.

16 Provisions for liabilities

Group

	Deferred taxation £
At 1 July 2008	33,722
Credited to profit and loss account	(8,619)
At 30 June 2009	25,103

Ayrshire Aluminium Co. Limited

Notes forming part of the financial statements
for the year ended 30 June 2009 (continued)

16 Provisions for liabilities (continued)

Deferred taxation

	Group and company 2009 £	Group and company 2008 £
Accelerated capital allowances	26,783	33,722
Sundry timing differences	(1,680)	-
	<u>25,103</u>	<u>33,722</u>

17 Pensions

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension charge amounted to £49,650 (2008 - £46,763). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

18 Share capital

	2009 £	2008 £
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	<u>24,501</u>	<u>24,501</u>

Ayrshire Aluminium Co. Limited

Notes forming part of the financial statements
for the year ended 30 June 2009 *(continued)*

19 Reserves

Group

	Capital redemption reserve £	Profit and loss account £
At 1 July 2008	25,499	551,184
Loss for the year	-	(211,087)
Dividends	-	(40,000)
	<hr/>	<hr/>
At 30 June 2009	25,499	300,097
	<hr/>	<hr/>

Company

	Capital redemption reserve £	Profit and loss account £
At 1 July 2008	25,499	300,990
Loss for the year	-	(5,620)
Dividends	-	(40,000)
	<hr/>	<hr/>
At 30 June 2009	25,499	255,370
	<hr/>	<hr/>

Ayrshire Aluminium Co. Limited

Notes forming part of the financial statements
for the year ended 30 June 2009 (continued)

20 Reconciliation of movements in shareholders' funds

	Group 2009 £	Group 2008 £	Company 2009 £	Company 2008 £
(Loss)/profit for the year	(211,087)	144,617	(5,620)	12,893
Dividends	(40,000)	(16,735)	(40,000)	(16,735)
Net (deductions from)/additions to shareholders' funds	(251,087)	127,882	(45,620)	(3,842)
Opening shareholders' funds	601,184	473,302	350,990	354,832
Closing shareholders' funds	350,097	601,184	305,370	350,990

21 Contingent liabilities

The bank borrowings are secured by means of a bond and floating charge, over all assets of the group. Ayrshire Aluminium Co. Limited has given a guarantee and letter of offset in respect of the bank borrowings of Scotia Double Glazing Limited. As at 30 June 2009, these amounted to £380,314 (2008 - £241,041).

22 Commitments under operating leases

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

	Land and buildings 2009 £	Land and buildings 2008 £
Operating leases which expire:		
In two to five years	59,509	59,509

Ayrshire Aluminium Co. Limited

Notes forming part of the financial statements
for the year ended 30 June 2009 (continued)

23 Related party disclosures

Controlling parties

The directors consider M S Yarlett to be in ultimate control of the company.

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

Related party transactions and balances

	Sales to related party £	Purchases from related parties £	Amounts owed by related parties £	Amounts owed to related parties £
Related party				
Yorkshire Window Co Limited	21,730	122,603	21,111	72,524
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
2008				
Yorkshire Window Co Limited	56,526	169,847	-	61,760
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Yorkshire Window Co. Limited is controlled by MS Yarlett who is a director in Scotia Double Glazing Limited. Included in purchases from Yorkshire Window Co. Limited is £119,568 (2008- £169,568) for the provision of management services.

24 Reconciliation of operating (loss)/profit to net cash inflow from operating activities

	2009 £	2008 £
Operating (loss)/profit	(252,728)	235,209
Depreciation of tangible fixed assets	96,443	98,298
Loss/(profit) on sale of tangible fixed assets	2,526	(4,956)
Decrease/(increase) in stocks	79,551	(69,011)
Decrease/(increase) in debtors	429,184	(383,736)
(Decrease)/increase in creditors	(289,342)	299,962
	<u> </u>	<u> </u>
Net cash inflow from operating activities	65,634	175,766
	<u> </u>	<u> </u>

Ayrshire Aluminium Co. Limited

Notes forming part of the financial statements
for the year ended 30 June 2009 *(continued)*

25 Reconciliation of net cash flow to movement in net debt

	2009 £	2008 £
(Decrease)/increase in cash	(142,462)	31,384
Cash inflow from changes in debt	89,924	66,079
	<hr/>	<hr/>
Movement in net debt resulting from cash flows	(52,538)	97,463
Inception of hire purchase	(56,935)	-
	<hr/>	<hr/>
Movement in net debt	(109,473)	97,463
Opening net debt	(407,629)	(505,092)
	<hr/>	<hr/>
Closing net debt	(517,102)	(407,629)
	<hr/>	<hr/>

26 Analysis of net debt

	At 1 July 2008 £	Cashflow £	Non cash movements £	At 30 June 2009 £
Cash at bank and in hand	5,170	(3,189)	-	1,981
Bank overdrafts	(241,041)	(139,273)	-	(380,314)
		<hr/>		
		(142,462)		
		<hr/>		
Hire purchase	(171,758)	89,924	(56,935)	(138,769)
		<hr/>		
		89,924		
	<hr/>	<hr/>	<hr/>	<hr/>
Total	(407,629)	(52,538)	(56,935)	(517,102)
	<hr/>	<hr/>	<hr/>	<hr/>