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## **Ayrshire Aluminium Co. Limited**

Report and Financial Statements

Year Ended

30 June 2010

Company Number SC075647

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# Ayrshire Aluminium Co. Limited

Report and financial statements  
for the year ended 30 June 2010

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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

SC075647

## 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 2010**

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The directors present their report together with the audited financial statements for the year ended 30 June 2010.

### **Results and dividends**

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

No dividends 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 group's principal activity is the supply and installation of double glazing products to the domestic, trade, commercial and new build markets together with the planning and erection of domestic conservatories and supply and fitting of domestic roofline products.

The group made a pre tax profit of £88,315 compared to a pre tax loss of £278,124 in 2009 and this level of profitability is expected to be maintained in the years to June 2011 and 2012

Since the onset of the recession, we have seen the domestic market contract but new build sales remained buoyant and we recorded an increase in that sector together with an increase in commercial sales. In percentage terms over the past two years our domestic windows, conservatories, roofline and trade sales have fallen from 80% of our sales to 52%. Conversely, new build and commercial sales have risen from 20% to 48% of our sales.

The above change in emphasis impacted negatively on margins and the company underwent a robust cost cutting exercise resulting in annual savings of £400,000 which when combined with the aforementioned increase in revenue allowed us to return to profitability.

Going forward the management accounts for the four months to October 2010 are encouraging and are ahead of target but we are not being complacent and we are prepared to cut more costs if necessary to enable us to enter 2011 with a degree of optimism.

The year ahead will be challenging with constant pressure being exerted on our domestic sales force to perform in what will be a slow and difficult market until possibly the last quarter of the year.

### **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**

During July 2010 a £250,000 cash injection was received by the group in the form of unsecured borrowings from shareholders. This additional working capital funding is anticipated to be long term and has no scheduled date for repayment.

### **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.

# Ayrshire Aluminium Co. Limited

## Report of the directors for the year ended 30 June 2010 (continued)

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### Directors

The directors of the company during the year were:

A J Crabb  
M S Yarlett  
R McKnight

### 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

23 December 2010

# **Ayrshire Aluminium Co. Limited**

## **Independent auditor's report**

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### **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 2010 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 2010 and of the group's 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.

# Ayrshire Aluminium Co. Limited

## Independent auditor's report (continued)

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### 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.

*Bob W.P.*

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

23 December 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 2010

	Note	2010 £	2009 £
Turnover	2	9,210,673	8,798,668
Cost of sales		7,161,908	6,991,894
<b>Gross profit</b>		<b>2,048,765</b>	<b>1,806,774</b>
Distribution costs		863,527	932,585
Administrative expenses		1,073,961	1,126,917
<b>Group operating profit/(loss)</b>	3	<b>111,277</b>	<b>(252,728)</b>
Interest receivable		-	67
Interest payable	6	(22,962)	(25,463)
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>88,315</b>	<b>(278,124)</b>
Taxation on profit/(loss) on ordinary activities	7	(22,510)	67,037
<b>Profit/(loss) on ordinary activities after taxation</b>		<b>65,805</b>	<b>(211,087)</b>

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.

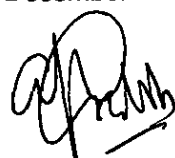
The notes on pages 9 to 23 form part of these financial statements.

# Ayrshire Aluminium Co. Limited

## Consolidated balance sheet at 30 June 2010

<i>Company number SC075647</i>	Note	2010 £	2010 £	2009 £	2009 £
<b>Fixed assets</b>					
Tangible assets	10		519,595		561,419
<b>Current assets</b>					
Stocks	12	394,665		364,023	
Debtors	13	1,640,571		1,418,263	
Cash at bank and in hand		1,734		1,981	
		<u>2,036,970</u>		<u>1,784,267</u>	
<b>Creditors: amounts falling due within one year</b>	14	<u>2,081,276</u>		<u>1,882,068</u>	
<b>Net current liabilities</b>			<u>(44,306)</u>		<u>(97,801)</u>
<b>Total assets less current liabilities</b>			<u>475,289</u>		<u>463,618</u>
<b>Creditors: amounts falling due after more than one year</b>	15	30,737		88,418	
<b>Provisions for liabilities</b>	16	<u>28,650</u>		<u>25,103</u>	
			<u>59,387</u>		<u>113,521</u>
			<u>415,902</u>		<u>350,097</u>
<b>Capital and reserves</b>					
Called up share capital	18		24,501		24,501
Capital redemption reserve	19		25,499		25,499
Profit and loss account	19		365,902		300,097
<b>Shareholders' funds</b>	20		<u>415,902</u>		<u>350,097</u>

The financial statements were approved by the board of directors and authorised for issue on 23 December 2010.



A J Crabb  
Director



M S Yarlett  
Director

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



# Ayrshire Aluminium Co. Limited

## Company balance sheet at 30 June 2010

Company number SC075647	Note	2010 £	2010 £	2009 £	2009 £
<b>Fixed assets</b>					
Tangible assets	10		1		1
Fixed asset investments	11		306,115		306,115
			<u>306,116</u>		<u>306,116</u>
<b>Current assets</b>					
Debtors	13	7,416		26,906	
Cash at bank and in hand		32		950	
		<u>7,448</u>		<u>27,856</u>	
<b>Creditors: amounts falling due within one year</b>	14	8,102		28,602	
		<u>8,102</u>		<u>28,602</u>	
<b>Net current liabilities</b>			(654)		(746)
<b>Total assets less current liabilities</b>			<u>305,462</u>		<u>305,370</u>
<b>Capital and reserves</b>					
Called up share capital	18		24,501		24,501
Capital redemption reserve	19		25,499		25,499
Profit and loss account	19		255,462		255,370
			<u>305,462</u>		<u>305,370</u>
<b>Shareholders' funds</b>	20		<u>305,462</u>		<u>305,370</u>

The financial statements were approved by the board of directors and authorised for issue on 23 December 2010.



A J Grabb  
Director



M S Yarlett  
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 2010

	Note	2010 £	2010 £	2009 £	2009 £
<b>Net cash (outflow)/inflow from operating activities</b>	24		(93,407)		65,634
<b>Returns on investments and servicing of finance</b>					
Interest received		-		67	
Interest paid: bank loans		(10,765)		(10,263)	
Interest paid: other loans		-		(293)	
Interest paid: hire purchase		(12,197)		(14,907)	
<b>Net cash outflow from returns on investments and servicing of finance</b>			(22,962)		(25,396)
<b>Taxation</b>					
Corporation tax paid			54,235		(62,232)
<b>Capital expenditure and financial investment</b>					
Payments to acquire tangible fixed assets		(16,496)		(5,312)	
Receipts from sale of tangible fixed assets		-		14,228	
<b>Net cash (outflow)/inflow from capital expenditure and financial investment</b>			(16,496)		8,916
<b>Dividends paid</b>			-		(40,000)
<b>Cash outflow before use of financing</b>			(78,630)		(53,078)
<b>Financing</b>					
Capital element of hire purchase repaid			(75,865)		(89,384)
<b>Decrease in cash</b>	25		(154,495)		(142,462)

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 2010

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### 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 2010 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 2010 (*continued*)

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### 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 stakeholders injected £250,000 of loan funding into the business in July 2010 to fill this funding gap with the continued support of its bankers. The projections indicate continued 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 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, the directors consider it 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 2010 (continued)

## 2 Turnover

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

## 3 Operating profit/(loss)

	2010 £	2009 £
This is arrived at after charging:		
Depreciation of tangible fixed assets	96,945	96,443
Loss on disposal of tangible fixed assets	-	2,526
Auditors' remuneration:		
Auditors' remuneration	9,465	9,500
Rent of property - operating leases	56,061	53,750
	<u>          </u>	<u>          </u>

## 4 Employees

Staff costs (including directors) consist of:

	Group 2010 £	Group 2009 £
Wages and salaries	1,231,693	1,223,098
Social security costs	132,160	139,900
Other pension costs	51,322	49,650
	<u>          </u>	<u>          </u>
	1,415,175	1,412,648
	<u>          </u>	<u>          </u>

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

	Group 2010 Number	Group 2009 Number
Management and administration	24	24
Production, installation and sales	49	46
	<u>          </u>	<u>          </u>
	73	70
	<u>          </u>	<u>          </u>

# Ayrshire Aluminium Co. Limited

Notes forming part of the financial statements  
for the year ended 30 June 2010 (*continued*)

## 5 Directors' remuneration

	2010 £	2009 £
Directors' emoluments	133,737	179,545
Company contributions to money purchase pension schemes	40,080	37,500
	<u>173,817</u>	<u>217,045</u>

## 6 Interest payable

	2010 £	2009 £
Bank loans and overdrafts	10,765	10,263
Hire purchase contracts	12,197	14,907
Interest on corporation tax	-	293
	<u>22,962</u>	<u>25,463</u>

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

	2010 £	2009 £
<i>UK Corporation tax</i>		
Current tax on profits of the year	17,491	(58,418)
Adjustment in respect of previous periods	1,472	-
	<u>18,963</u>	<u>(58,418)</u>
Total current tax	18,963	(58,418)
<i>Deferred tax</i>		
Origination and reversal of timing differences	3,547	(8,619)
	<u>3,547</u>	<u>(8,619)</u>
Taxation on profit/(loss) on ordinary activities	<u>22,510</u>	<u>(67,037)</u>

# Ayrshire Aluminium Co. Limited

Notes forming part of the financial statements  
for the year ended 30 June 2010 (continued)

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

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

	2010 £	2009 £
Profit/(loss) on ordinary activities before tax	88,315	(278,124)
Profit/(loss) on ordinary activities at the relevant rate of corporation tax in the UK of 21% (2009 - 28%)	18,546	(77,875)
Effect of:		
Expenses not deductible for tax purposes	168	3,897
Depreciation for period in excess of capital allowances	457	5,764
Provisions tax adjustment	(1,680)	2,240
Adjustment to prior year	1,472	-
Rate variance	-	7,556
Current tax charge/(credit) for the year	18,963	(58,418)

## 8 Dividends

	2010 £	2009 £
Ordinary shares		
Interim paid of nil (2009 - 163.3p) per share	-	40,000

## 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 profit for the year includes a profit after tax of £92 (2009 - £5,620 loss) 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 2010 (*continued*)

## 10 Tangible fixed assets

### Group

	Freehold land and buildings £	Leasehold land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<i>Cost</i>						
At 1 July 2009	302,026	51,962	699,582	137,553	180,182	1,371,305
Additions	-	-	21,621	33,500	-	55,121
At 30 June 2010	<b>302,026</b>	<b>51,962</b>	<b>721,203</b>	<b>171,053</b>	<b>180,182</b>	<b>1,426,426</b>
<i>Depreciation</i>						
At 1 July 2009	104,897	45,313	420,738	70,371	168,567	809,886
Provided for the year	11,347	-	46,987	33,472	5,139	96,945
At 30 June 2010	<b>116,244</b>	<b>45,313</b>	<b>467,725</b>	<b>103,843</b>	<b>173,706</b>	<b>906,831</b>
<i>Net book value</i>						
At 30 June 2010	<b>185,782</b>	<b>6,649</b>	<b>253,478</b>	<b>67,210</b>	<b>6,476</b>	<b>519,595</b>
At 30 June 2009	197,129	6,649	278,844	67,182	11,615	561,419



# Ayrshire Aluminium Co. Limited

Notes forming part of the financial statements  
for the year ended 30 June 2010 (*continued*)

## 10 Tangible fixed assets (*continued*)

### Company

	Fixtures and fittings £
<i>Cost</i>	
At 1 July 2009 and 30 June 2010	182
<i>Depreciation</i>	
At 1 July 2009 and 30 June 2010	181
<i>Net book value</i>	
At 30 June 2009 and 30 June 2010	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 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
<i>Net book value</i>				
Plant and machinery	29,024	67,070	-	-
Motor vehicles	35,594	55,445	-	-
	<u>64,618</u>	<u>122,515</u>	<u>-</u>	<u>-</u>
<i>Depreciation charged</i>				
Plant and machinery	4,408	9,583	-	-
Motor vehicles	19,851	18,795	-	-
	<u>24,259</u>	<u>28,378</u>	<u>-</u>	<u>-</u>

# Ayrshire Aluminium Co. Limited

Notes forming part of the financial statements  
for the year ended 30 June 2010 (*continued*)

## 11 Fixed asset investments

### Company

	Group undertakings £
<i>Cost</i>	
At 1 July 2009 and 30 June 2010	<b>306,115</b>

### *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	30/6/10

## 12 Stocks

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Raw materials and consumables	<b>229,938</b>	237,236	-	-
Work in progress	<b>164,727</b>	126,787	-	-
	<b>394,665</b>	364,023	-	-

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 2010 (continued)

## 13 Debtors

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Trade debtors	1,353,659	1,009,587	-	-
Amounts owed by group undertakings	-	-	6,031	23,633
Corporation tax recoverable	1,385	61,319	1,385	3,273
Prepayments and accrued income	197,660	294,609	-	-
Amounts recoverable on contracts	87,867	52,748	-	-
	<u>1,640,571</u>	<u>1,418,263</u>	<u>7,416</u>	<u>26,906</u>

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

## 14 Creditors: amounts falling due within one year

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Bank loans and overdrafts (secured)	534,562	380,314	-	-
Payments received on account	152,392	218,945	-	-
Trade creditors	1,063,264	985,853	-	-
Corporation tax	13,264	-	-	-
Other taxation and social security	116,195	81,132	-	-
Obligations under hire purchase contracts	70,792	50,351	-	-
Directors' loans	6,602	27,102	6,602	27,102
Other creditors	39,990	45,215	-	-
Accruals and deferred income	84,215	93,156	1,500	1,500
	<u>2,081,276</u>	<u>1,882,068</u>	<u>8,102</u>	<u>28,602</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 2010 (continued)

## 15 Creditors: amounts falling due after more than one year

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Obligations under hire purchase contracts	<u>30,737</u>	<u>88,418</u>	<u>-</u>	<u>-</u>
Maturity of debt:				
	Loans and overdrafts 2010 £	Loans and overdrafts 2009 £	Hire purchase 2010 £	Hire purchase 2009 £
In one year or less, or on demand	<u>534,562</u>	<u>380,314</u>	<u>70,792</u>	<u>50,351</u>
In more than one year but not more than two years	-	-	25,559	46,359
In more than two years but not more than five years	-	-	5,178	42,059
	<u>-</u>	<u>-</u>	<u>30,737</u>	<u>88,418</u>

Hire purchase liabilities are secured over the assets being financed.

## 16 Provisions for liabilities

### Group

	Deferred taxation £
At 1 July 2009	25,103
Charged to profit and loss account	<u>3,547</u>
At 30 June 2010	<u>28,650</u>

# Ayrshire Aluminium Co. Limited

Notes forming part of the financial statements  
for the year ended 30 June 2010 (continued)

## 16 Provisions for liabilities (continued)

### Deferred taxation

	Group and company 2010 £	Group and company 2009 £
Accelerated capital allowances	28,650	26,783
Sundry timing differences	-	(1,680)
	<u>28,650</u>	<u>25,103</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 £51,322 (2009 - £49,650). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

## 18 Share capital

	2010 £	2009 £
<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 2010 (continued)

## 19 Reserves

### Group

	Capital redemption reserve £	Profit and loss account £
At 1 July 2009	25,499	300,097
Profit for the year	-	65,805
	<u>25,499</u>	<u>365,902</u>
At 30 June 2010	<u>25,499</u>	<u>365,902</u>

### Company

	Capital redemption reserve £	Profit and loss account £
At 1 July 2009	25,499	- 255,370
Profit for the year	-	92
	<u>25,499</u>	<u>255,462</u>
At 30 June 2010	<u>25,499</u>	<u>255,462</u>

# Ayrshire Aluminium Co. Limited

Notes forming part of the financial statements  
for the year ended 30 June 2010 (continued)

## 20 Reconciliation of movements in shareholders' funds

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Profit/(loss) for the year	65,805	(211,087)	92	(5,620)
Dividends	-	(40,000)	-	(40,000)
	<hr/>	<hr/>	<hr/>	<hr/>
Net additions to/(deductions from) shareholders' funds	65,805	(251,087)	92	(45,620)
Opening shareholders' funds	350,097	601,184	305,370	350,990
	<hr/>	<hr/>	<hr/>	<hr/>
Closing shareholders' funds	415,902	350,097	305,462	305,370
	<hr/>	<hr/>	<hr/>	<hr/>

## 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 2010, these amounted to £534,562 (2009 - £380,314).

## 22 Commitments under operating leases

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

	Land and buildings 2010 £	Land and buildings 2009 £
Operating leases which expire:		
In two to five years	59,509	59,509
	<hr/>	<hr/>

# Ayrshire Aluminium Co. Limited

Notes forming part of the financial statements  
for the year ended 30 June 2010 (continued)

## 23 Related party disclosures

### Controlling parties

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

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions with its wholly owned subsidiaries.

### Related party transactions and balances - group

	Sales to related party £	Purchases from related parties £	Amounts owed by related parties £	Amounts owed to related parties £
<b>Related party</b>				
Yorkshire Window Co Limited	-	59,784	-	61,066
<b>2009</b>				
Yorkshire Window Co Limited	21,730	122,603	21,111	72,524

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 £59,784 (2008- £119,568) for the provision of management services.

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

	2010 £	2009 £
Operating profit/(loss)	111,277	(252,728)
Depreciation of tangible fixed assets	96,945	96,443
Loss on sale of tangible fixed assets	-	2,526
(Increase)/decrease in stocks	(30,642)	79,551
(Increase)/decrease in debtors	(283,627)	429,184
Increase/(decrease) in creditors	12,640	(289,342)
Net cash (outflow)/inflow from operating activities	(93,407)	65,634



# Ayrshire Aluminium Co. Limited

Notes forming part of the financial statements  
for the year ended 30 June 2010 (continued)

## 25 Reconciliation of net cash flow to movement in net debt

	2010 £	2009 £
Decrease in cash	(154,495)	(142,462)
Cash inflow from changes in debt	75,865	89,924
Movement in net debt resulting from cash flows	(78,630)	(52,538)
Inception of hire purchase	(38,625)	(56,935)
Movement in net debt	(117,255)	(109,473)
Opening net debt	(517,102)	(407,629)
Closing net debt	(634,357)	(517,102)

## 26 Analysis of net debt

	At 1 July 2009 £	Cashflow £	Non cash movements £	At 30 June 2010 £
Cash at bank and in hand	1,981	(247)	-	1,734
Bank overdrafts	(380,314)	(154,248)	-	(534,562)
		(154,495)		
Hire purchase	(138,769)	75,865	(38,625)	(101,529)
		75,865		
Total	(517,102)	(78,630)	(38,625)	(634,357)